

**THE IMPACT OF STRUCTURAL ADJUSTMENT  
PROGRAMMES ON UGANDA (WITH PARTICULAR  
REFERENCE TO UGANDA MANAGEMENT INSTITUTE)**

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## **DECLARATION**

I, David K W Ssonko, declare that this thesis represents my own work except where referenced to others and that it does not include work forming part of a thesis presented successfully for another degree.

## **DEDICATION**

I dedicate this work in loving memories of my late father and mother Erinesti Kaggwa Ssonko Salongo and Anzelena Birabwa Kaggwa Nalongo respectively. They gave me unconditional love, encouragement, sacrifices and support that directly influenced my success.

This thesis is also dedicated to our late son Paul Kato Ssonko who always admired and envied me for taking on a doctoral programme at my age. He died a few months before its completion.

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## ABSTRACT

It is a requirement of the Doctor of Business Administration (DBA) award of the University of Glasgow that the candidate undertakes a research which is relevant to the strategic development of his employing organization. The overall aim of the DBA thesis is to conduct a critical and strategic analysis of the environment in which the candidate's organization operates, and to demonstrate how this analysis might inform and contribute to that organization's strategic planning and development. In this particular case the author is an employee of the Uganda Management Institute.

In order to achieve the above general objective and in conformity with the University of Glasgow DBA requirements, the author examined the environment through a series of five (5) Learning Goals. While handling each Learning Goal, a firm eye was directed towards its implications for Uganda Management Institute's (UMI) strategy. In the final analysis, the views through those different Learning Goals (or lenses) were integrated to provide a more holistic appraisal of UMI's strategy. The following are the Learning Goals which were examined:

### **Learning Goal No.1**

**"To conduct an initial strategic analysis of the business environment in which the Uganda Management Institute (UMI) operates which analysis should support the primary organizational goal".**

UMI which is keen to improve its own management and performance, needs a solid foundation and a clear criterion to which it can refer in examining issues such as the relevance of its staff structure and work methods; or the appropriateness of its internal organization and operational planning and control systems. This is because today's business climate is increasingly characterized by rapid change and fierce competition necessitating organizations to adapt to their environment if they are to survive and prosper. UMI must therefore adopt a strategic and dynamic approach in its planning, management systems and operations. The first Learning Goal therefore sought to provide a preliminary assessment of the competitive environment in which UMI operates and to identify some of the main forces operating there.

A situational analysis on UMI's strategy positioning was made. The analysis centred on UMI's current status and what capacity it must obtain in terms of the physical infrastructure, human capital organizational set up and the financial needs. This was considered necessary because unless UMI has a strong resource base, it might be difficult for the Institute to sustain itself amidst the current competitive environment.

This Learning Goal has revealed that UMI is seriously constrained in terms of physical space and premises which need to be expanded. Second, although UMI has the necessary critical mass of professionals as a basis of developing its institutional capacity and competences, it must raise the overall academic qualifications of its professional staff. Third, the current UMI structure introduced under the Universities and Other Tertiary Institutions Act, 2001 may introduce bureaucratic administrative systems and processes that might undermine cost-effectiveness implementation of innovative and forward-thinking activities and programmes. Finally, UMI does not have adequate financial resources to meet both its recurrent expenditures and capital development. This therefore necessitates UMI to broaden its revenue base.

## **Learning Goal No. 2**

**“To undertake a programme of study in research methods and data analysis likely to be relevant to the other Learning Goals”**

As already explained, in order to satisfy the requirements for the award of a DBA of the University of Glasgow, the student is required to undertake research on a number of learning goals or elements. Such research is intended to enable him to become a well-trained researcher and an effective contributor to his organization.

Since the candidate was work-based, the major objective under this Learning Goal was to expose him to the research methodologies which would later provide him with a basis for selecting appropriate research for the rest of the Learning Goals. This was therefore a desk research which enabled him to cover a wide range of areas which were necessary while carrying out an inquiry.

The study under this Learning Goal which is placed under part 2 of the thesis consists of four chapters. Chapter 1 gives a general introduction and a brief overview of research. The rest of the chapters discuss in detail some of the methods the writer employed while

undertaking research on the different learning goals. The second chapter discusses considerations involved in action research (AR) and participant observation. The intention was to help the researcher to make an informed choice about his approach to this research. Chapter three is devoted to discussing pertinent issues relating to the use of qualitative survey. It outlines the steps in a survey project and attempts to discuss in some reasonable detail the common methods used in qualitative survey which include the questionnaire and interview. These methods are discussed because the author later uses them in his subsequent learning goals. The fourth chapter concentrates on the research design which is considered to be the “glue” that holds all elements in a research project together.

The execution of this study entailed a participatory approach with key stakeholders. This approach was intended to enable key stakeholders to significantly contribute to UMI’s strategic analysis and development. Accordingly, the following research methods were utilized: (1) Meetings and discussions with key management representatives and UMI staff; (2) In-depth interviews with other stakeholders; (3) Questionnaires; and (4) Obtaining secondary data through a review of literature from a series of documents.

### **Learning Goal No. 3**

**“To evaluate the context of the structural adjustment programmes (SAPs), past and contemporary, affecting economic development in Sub-Saharan Africa and in particular the Ugandan economy”.**

One of the main influences on the activities of UMI is the general economic development of Uganda, and in particular the economic and social development programmes designed to deliver greater prosperity and growth.

The economic policy and development debate since the early 1980s in Sub-Saharan Africa (SSA) has been singularly dominated by structural adjustment programmes (SAPs) which have been part of the conditionality tied to donor assistance. Up to now, the debate concerning the appropriateness of SAPs for Sub-Saharan African countries continues unabated despite nearly more than two decades of “adjustment”. There have been severe criticisms against SAPs which have at times been conceptualized as a re-colonisation process by its critics. On the other hand, supporters of SAPs believe that although there have been problems with implementation, SAPs have gradually achieved the intended objectives. Due to this controversy, it is necessary to investigate whether World Bank/IMF supported SAPs

have in practice played any role in the improving programme countries' economic performance relative to the non-programme countries. Similarly, since the aims of SAPs are to create/develop/change the economic environment and viability and sustainability of the economy, the implementation of such programmes are likely to influence the structure of demand for management skills and management education. The relationship between SAPs and managerial skills and management education are therefore also investigated with specific reference to Uganda Management Institute (UMI) strategy.

The methodology adopted in this study was based on a review of published literature on SAPs in Sub – Sahara Africa and Uganda supplemented by unpublished documents. The study also utilized information obtained through in depth structured interviews with the key informants including officials in the Uganda Government involved in the implementation of the economic reforms, entrepreneurs in both formal and informal sectors, donor agencies like World Bank, DFID, DANIDA, USAID and other non-governmental agencies which included employers and workers' groups. All these provided valuable and complimentary perspectives on the impact of SAPs.

The study reveals that Uganda has generally registered significant achievement in macro – economic and human development terms since the introduction of the structural adjustment reforms. For example GDP growth has averaged 6 percent annually and the annual inflation has been contained below 10 percent. Despite these developments however, Uganda still faces enormous development challenges. This is because the macro economic reform measures undertaken have not been translated into the improvement of the social welfare of the population as desired. On the other hand, the findings for this study show that the reforms and changes introduced in the Uganda Public Service, the private and informal sectors together with the strategies the Uganda government is taking to eradicate poverty collectively create an environment that will provide a basis for UMI's strategic plan and development. And it was largely because of this that the thesis derived its title.

#### **Learning Goal No.4**

**“To undertake a study of the structure, characteristics and performance of the market in Uganda for human resources and the related labour relations institutions and mechanisms”.**



It is an open secret among business practitioners and scholars that human resources constitute the most important component of modern organizations. This is because the accomplishment of organizational missions and objectives depends to a large extent, on having the right persons in the right positions as well as the commitment and contributions of those involved. Accordingly, there has been a continuous debate on how human resource strategy can be linked to the business strategy.

The staff functions in Uganda's organizations are often criticized because they are frequently perceived as controlling rather than adding value, and not responding to the demands for change that strategic and operating units need to make. To respond positively to such challenges, people handling the human resource function who include not only the HR professionals but line managers as well need to acquire specific competences. Another area of concern for HR professionals in Uganda involves the necessity to revamp industrial relations.

This particular learning goal was intended to specifically investigate the structure and performance of the HR function in a selected number of organizations in Uganda so as to obtain better understanding of how the value of the HR function is perceived in the reality of Ugandan organizations. It further attempted to analyse the existing HR knowledge and skills for both HR professionals and the line managers with the hope that any identified gaps in competences would be relevant to UMI's strategies.

The sample of potential respondents consisted of several categories of people: chief executives (CEOs), HR managers, line managers, members of the Federation of Uganda Employers (FUEs) and trade union officials. The study was based on a mixed-method component design research methodology. In other words, the author utilized two major data collection methods which included: (i) key informant interviews and (ii) questionnaires.

The results of Learning Goal No.4 provide several implications for the design and delivery of HR and Industrial Relations (IR) educational programmes offered by UMI. The findings revealed that organizations in Uganda recognize the importance and effectiveness of HR in organizational competitiveness. As a result, HR executives as well as other line managers must develop appropriate competences in managing people at work. The skills which respondents considered as most important included: management and leadership, analytical/problem solving, change management, organizational skills, customer care etc.

Respondents also perceived the following business knowledge to be very necessary and relevant to HR managers: Aware of environmental forces; conversant with industry and competitors; understand vision, mission and objectives of the organization; interprets and understand business plan etc. All the above have implications to UMI as far as the designing of the curriculum for HR executives is concerned. It also suggests that there should be constant consultation with the framework of labour market information systems to produce the kinds of skills required in order to improve the performance and employability of those who qualify from UMI.

### **Learning Goal No. 5**

**“To conduct a strategic analysis of the external, global environment in which the Uganda Management Institute will have to compete and survive”.**

The general objective of this final Learning Goal was to examine UMI's strategic options, noting that within the next 5 – 10 years, major changes in demand and supply of management education are likely. This Learning Goal further drew on what had been done in the previous learning goals (1, 3 and 4), pulling it together in the form of a critical assessment of options for UMI's approach to the external market and for the refocusing and upgrading of UMI's internal resources and organization. This was intended to assist in reaching some conclusions on an appropriate strategy for UMI.

Because of the nature of work-based research in UMI where the author is a part, he was inevitably drawn into action research (AR) approach. The primary data was collected through observation and personal interviews. Secondary data was collected through review of books, journal articles, reports and studying administrative and operational records in UMI and other competing institutions.

While analyzing the environment in search of opportunities the study revealed a number of opportunities for UMI existing within the national environment resulting from the prevailing level of economic, social and political changes in Uganda. The study however discovered that UMI is facing stiff competition from both public and private universities and other tertiary institutions within Uganda. There also exists a market for distance education programmes or e-learning which can assist the Institute to expand its market share and consequently broaden its revenue base once introduced.

In order for UMI to build a stronger competitive advantage, it is argued that it should establish a niche in the public sector where the Institute can dominate and concentrate most of its resources. However, the fact that UMI picks a niche does not mean it cannot keep dealing with its current diversity of clients, or that it will have turned down any future clients who may not be in its niche.

The study further analyses the internal environment which is composed of the resource base and the distinctive competitive capabilities of UMI which it will want to use to enhance its reputation, build its market and increase its revenue. In this respect, UMI needs to restructure its training departments on a sectoral basis (e.g. public or private). This would attract better specialization of the departments and their staff so as to satisfy the needs of the different organizational customers. Similarly, the author argues that in order for UMI to maintain a curriculum that is relevant to the labour market, there is a need to have a regular curriculum review with other stakeholders and make adjustments as new demands emerge. UMI must also train and develop its staff continuously to acquire the core competences as required for success in the competitive landscape. Among the major competences that must be developed must include research capability and development.

The author further argues that UMI needs to develop its understanding of the markets in which it operates and more aggressively market its training services while at the same time look into the possibility of providing research and consultancy services. This will among other things require strategic partnerships with other management educational institutions both nationally and internationally and fostering closer links with industry and the public sector. Finally, the author argues that the success of UMI in creating and sustaining excellence will largely depend on the vision, talents and energy of its leadership.

## **The Thesis Structure**

As earlier stated, this thesis consists of five Learning Goals which have been grouped into two parts. Part 1 consists of Learning Goals 1, 3, 4 and 5 while part 2 is solely constituted by Learning Goal No. 2 which concentrates on research methods and data analysis. The Learning Goals in part 1 are specifically relevant to the strategic development of Uganda Management Institute and therefore form the major theme of this thesis.

The lists of references have been kept separate for each Learning Goal (appearing at the end of each relevant Goal). It was considered that such a structure would make easier reference to the reader than the case would have been if all references were amalgamated in one list at the very end of this inevitably voluminous thesis

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## **ABBREVIATIONS AND ACRONYMNS**

ACAS	Advisory, Conciliation and Arbitration Service
AGOA	African Growth and Opportunity Act
AR	Action Research
BWI	Bretton Woods Institutions
CAA	Civil Aviation Authority
CBO	Community Based Organisation
CEO	Chief Executive Officer
CIPD	Chartered Institute for Personnel Development
CODESRIA	Council for the Development of Social Sciences in Africa
COMESA	Common Market for Eastern and Southern Africa
CPD	Continuing Professional Development
DANIDA	Danish Development Agency
DBA	Doctorate of Business Administration
DFA	Director of Finance and Administration
DFID	Department For International Development
DFM	Diploma in Financial Management
DG	Director General
DHRM	Diploma in Human Resource Management
DIMA	Diploma in Management
DL	Distance Learning
DPAM	Diploma in Public Administration and Management
DPPM	Diploma in Project Planning and Management
DPSA	Director of Programmes and Students Affairs
DRC	Democratic Republic of Congo
DRIC	Divesture and Reform Implementation Committee
DTI	Department of Trade and Industry
DUGM	Diploma in Urban Governance and Management
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EFMP II	Second Economic and Financial Management Project
ERP	Economic Recovery Programmes

ESAPR	Education Sector Annual Performance Report
EYA	Employer of the Year Award
FDI	Foreign Direct Investment
FGD	Focus Group Discussions
FUE	Federation of Uganda Employers
FY	Financial Year
GCU	Glasgow Caledonian University
GDLC	Global Distance Learning Centre
GDP	Gross Domestic Product
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HR	Human Resource
HR/IR	Human Resource and Industrial Relations
HRM	Human Resource Management
IASIA	International Association of Schools and Institutes of Administration
ICFTU	International Confederation of Free Trade Unions
ICPAU	Institute of Chartered Public Accountants of Uganda
ICT	Information and Communication Technologies
IDA	International Development Agency
IFAD	International Fund for Agricultural Development
IFI	International Financial Institutions
IIP	Investors In People
ILO	International Labour Organisation
IMF	International Monetary Fund
IPA	Institute of Public Administration
IR	Industrial Relations
KIU	Kampala International University
LDC	Less Developed Countries
LMI	Labour Market Information
MBA	Master of Business Administration
MDGs	Millennium Development Goals
MDI	Management Development Institute
MFPED	Ministry of Finance, Planning and Economic Development
MMS	Masters in Management Studies
MoU	Memorandum of Understanding

MPS	Ministry of Public Service
MUBS	Makerere University Business School
MWGs	Multinational Working Groups
NARO	National Agricultural Research Organisation
NEMA	National Environmental Management Authority
NGOs	Non-governmental Organisations
NOTU	National Organisation of Trade Unions
NRM	National Resistance Movement
OAU	Organisation of African Unity
ODA	Overseas Development Agency
OECD	Organisation for Economic Cooperation and Development
OUT	Open University of Tanzania
PEAP	Poverty Eradication Action Plan
PERD	Public Enterprises Reform and Divestiture
PEST	Political, Economic, Social & Technological
PhD	Doctor of Philosophy
PM	Personnel Management
PMA	Plan for Modernizing Agriculture
PS	Permanent Secretary
PSF	Private Sector Foundation
PSRP	Public Service Reform Programme
PSRRC	Public Service Review and Reorganisation Commission
ROM	Results Oriented Management
SADC	Southern African Development Community
SAL	Structural Adjustment Lending
SAPs	Structural Adjustment Programmes
SHRM	Strategic Human Resource Management
SMEs	Small and Medium Enterprises
SOEs	State Owned Enterprises
SPSS	Statistical Package for Social Scientists
SSA	Sub-Saharan Africa
SWOT	Strength, Weaknesses, Opportunities and Threats
UgShs	Uganda Shillings
UHRMA	Uganda Human Resource Managers Association
UIA	Uganda Investment Authority

UIPA	Uganda Institute of Public Administration
UK	United Kingdom
UMA	Uganda Manufacturing Association
UMI	Uganda Management Institute
UN	United Nations
UNCTAD	United Nations Centre for trade and Development
UNDP	United Nations Development Agency
UNECA	United Nations Economic Commission for Africa
UNHS	Uganda National Household Survey
UNISA	University of South Africa
UN-PAAERD	United Nations Programme of Action for African Economic Recovery
UOTIA	Universities and Other Tertiary Institutions Act
UPDMF	Uganda Policy Development Management Forum
UPE	Universal Primary Education
UPPAP	Uganda Participatory Poverty Assessment Project
URA	Uganda Revenue Authority
USA	United States of America
USAID	United States Agency for International Development
UWA	Uganda Wildlife Authority

# PART 1

## **LEARNING GOAL NUMBER ONE**

### **Uganda Management Institute: A Strategic Analysis Of Its Business Environment**

# **CHAPTER ONE**

## **INTRODUCTION TO UGANDA MANAGEMENT INSTITUTE AS AN INSTITUTION**

The Uganda Management Institute (UMI) is a centre for management development. It was officially opened in October 1969 as the Uganda Institute of Public Administration (UIPA) which operated as a department in the Ministry of Public Service (MPS) and served as an in-service training centre for the public service and parastatal organisations in Uganda. However, in March 1992 through an Act of Parliament, the original Institute changed names to become the Uganda Management Institute. The Uganda Management Institute Statute No. 6 of 1992 (now replaced by the Universities and Other Tertiary Institutions Act 2001 and as amended by the Universities and Other Tertiary Institutions (Amendment) Act, 2006) turned UMI into a semi-autonomous body corporate.

Under the repealed Statute, the Institute was legally mandated to carry out the following functions in order to promote sustainable development in the country:

- To promote development by imparting professional skills and knowledge;
- To conduct examinations and grant certificates, diplomas and degrees and other awards of the Institute and its affiliates;
- To provide consultancy services and undertake research and training programmes designed to enhance the skills and performance effectiveness of the qualified personnel in the public, parastatal and private institutions and enterprises;
- To provide documentation and information services on administrative management, scientific and technical matters;
- To promote, organise, co-sponsor or facilitate the organisation of training courses, workshops, seminars or symposia in conformity with the social and economic development objectives of the country;
- Generally, and without prejudice to the foregoing provisions, to collaborate with such other Institutes and associations, whether within or outside Uganda in order to provide in-service training for middle and top management in the public and private sector in order to improve performance and enhance the desired economic, social and political development in Uganda.



Section 19 (I) of The Universities and Other Tertiary Institutions (Amendment) Act, 2006 obliges UMI to assume the identity of a public Tertiary Institute having the status of an “Other Degree Awarding Institution”. Under this Act “Other Degree Awarding Institution” means any public or private institution or centre of higher education other than a University, one of the objects of which is the provision of post secondary education offering courses of study leading to the award of certificates, diplomas and degrees and conducting research and publishing the results of the research.

As outlined above, UMI is a centre of management development which is engaged in management training, consultancy and research as its core business. UMI has a vision of becoming a world class management developing Institute. Its mission is **“To Excel in Developing Sustainable Management Capacity”**. This mission guides UMI in its development efforts in the public, private and non-governmental sectors.

### **UMI’s Corporate Objectives**

In pursuit of the above mandate and mission, UMI has set corporate strategic objectives in areas of effective service provision, governance, and Organizational development as follows:

-

- To improve knowledge, skills and attitudes of public, private and NGO managers at all levels.
- To provide consultancy services for good governance and sustainable development.
- To influence governance through improved research.
- To build an effective, efficient and competitive institution (UMI Corporate Plan 2006/2007 – 2009/2010).

The legal status of UMI as established by the Universities and Other Tertiary Institutions Act 2001 and as amended by The Universities and Other Tertiary Institutions (Amendment) Act of 2006 makes it financially and self-accounting and empowers it to raise and control its revenues. This has created potentially conducive conditions for flexibility, quick decision making, autonomous planning and commercial oriented operation. The legislation also enables the Institute to plan how to raise revenues and how to use funds for delivery of its

services. The Institute is thus legally empowered to plan for and implement expansion and development without external bureaucratic constraints.

It should be mentioned that UMI was established at a time when government was implementing fundamental economic and social reforms. It was also about the same time that government adopted a management development policy aimed at strengthening the human resources capacity in both the public and private sectors of the economy (Hansard, 5<sup>th</sup> Session 1991-1992, pp 331 – 338). The establishment of UMI was also the outcome of a series of initiatives from various quarters which spanned almost a decade. During this period, several manpower development studies were carried out, the most notable of which was the Public Service Review and Re-organisation Commission (PSRRC) 1989 – 1990. The studies revealed the extent of the shortage of trained managers in the country. Therefore, the managers to be trained by UMI were expected to provide improved service delivery, better personnel management systems, better financial management principles and practices, reliable and efficient information systems and improved performance in all sectors of the economy. (Hansard, 5<sup>th</sup> – Session 1991 – 1998).

### **UMI Organisation Structure**

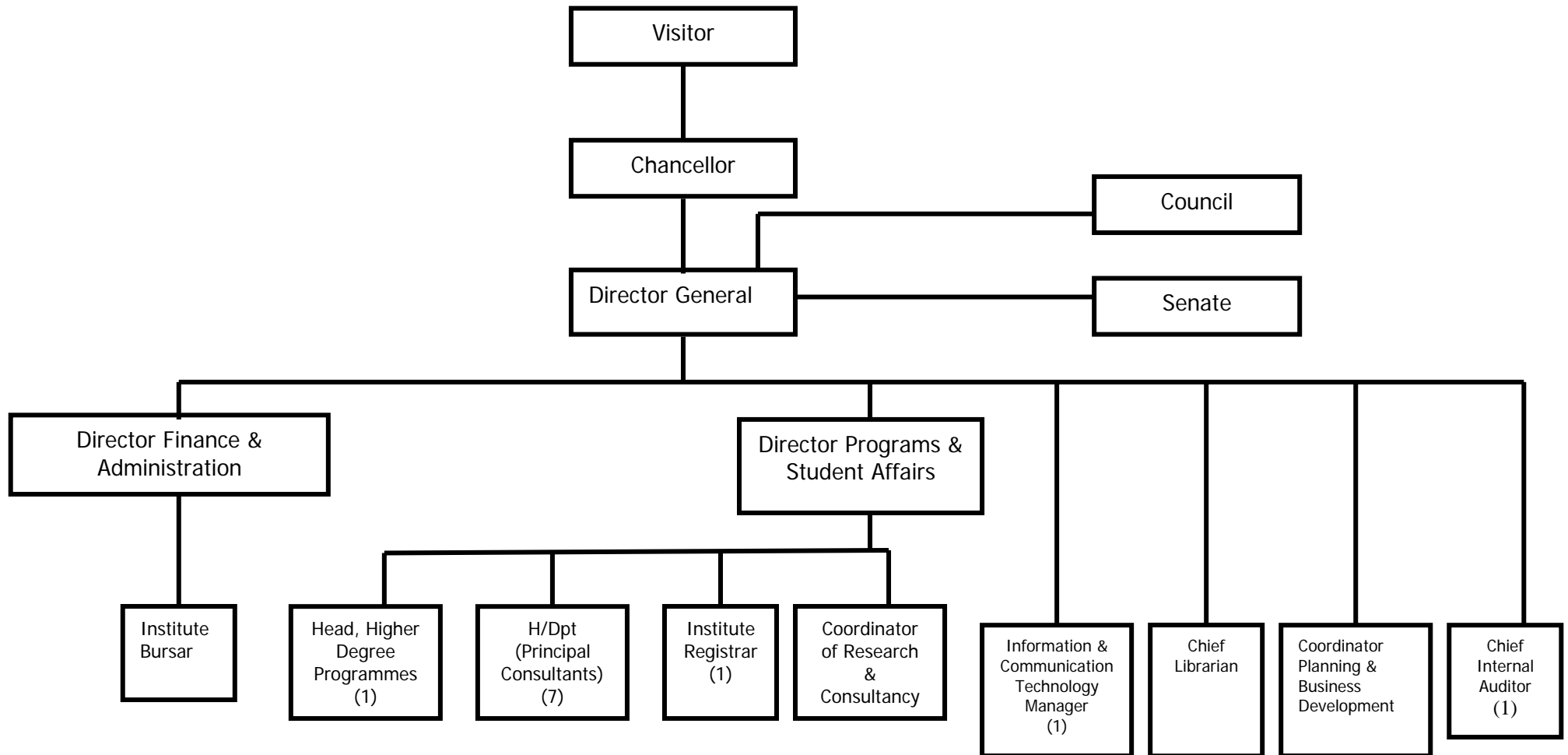
Formally, and as indicated in Figure 1:1, UMI is headed by the President of Uganda who is the Visitor of each public university and other degree awarding institutions. Under Section 26 (2) of the Universities and Other Tertiary Institutions Act, 2001, the Visitor performs an overall supervisory role over the affairs of each public university and other degree awarding institutions. As often as circumstances may require, the Visitor may cause to conduct a visitation of the public university or any other degree awarding institution. Below the Visitor is the Chancellor who is appointed by the President on the recommendation of the Institute Council. The Chancellor is the titular head of UMI who presides at all ceremonial assemblies of the Institute and confers degrees and other academic titles and distinctions of Uganda Management Institute (see section 30 (3) Universities and Other Tertiary Institutions Act, 2001).

Statutory Instrument No. 22 of 2006 which modifies the provisions of the Universities and Other Tertiary Institutions (Amendment) Act, 2006 provides for the post of a Director General for UMI. The Director General (DG) is appointed by the Chancellor of the Institute on the recommendation of the Institute Council. The DG serves as the UMI chief executive responsible for the academic, administrative and financial affairs of the Institute (see section 31 (i) (a)). The DG is deputized by two Directors, namely:

- (i) the Director of Finance and Administration (DFA) and
- (ii) the Director of Programmes and Students Affairs (DPSA) and below the Directors are several heads of department responsible for training, research, consultancy and other administrative functions as shown in the organigram below. Currently UMI has 142 employees.

Figure 1:1:

## UGANDA MANAGEMENT INSTITUTE (ORGANISATION STRUCTURE)



Among the organs of UMI is the Institute Council which is established under section 38 (I) of the Universities and Other Tertiary Institutions Act, 2001 and as modified by Statutory Instrument No.22 of 2006. The Institute Council whose membership is given in Box 1:1 is the supreme policy making organ of UMI. In executing its functions, the Institute Council gives general guidelines to the administration and academic staff of UMI on matters relating to the operations of the Institute. The Council elects its Chairperson and a Vice-Chairperson from among the members of the council who are not members of staff or students of UMI, public servants or a member of the District Council or Parliament.

**Box 1.1: Composition of UMI's Council**

1. The Director General
2. The Institute Directors
3. A representative of Uganda Association of Public & Management (UAPAM)
4. One member of the District Council
5. A member of the UMI Convocation
6. One member of the UMI Senate
7. One member of the Academic Staff
8. One member of non-Academic Staff
9. Two UMI students
10. Two members appointed by the Minister of Education from the public
11. Two members appointed by UMI Council from the public
12. A representative of the Ministry of Finance
13. A representative of the Ministry of Education

**Source:** *The Universities and Other Tertiary Institutions Act, 2001 and Statutory Instrument No.22 of 2006.*

Furthermore, as shown in Figure 1.1, section 44 of the Universities and Other Tertiary Institutions Act, 2001, establishes a Senate for UMI whose maximum number of members is determined by UMI Council from time to time. The Senate is responsible for the organisation, control and direction of the academic affairs of the Institute.

### **The Problem Statement**

A management development institution such as UMI which is keen to improve its own management and performance needs a solid foundation, a clear criterion, to which it can refer in examining issues such as the relevance of its staff structure and work methods; or the appropriateness of its internal organisation and operational planning and control systems (Grant 2002; Ferrair 1997; Prastacos 2002). It has to practise strategic management and planning. That is to say, it has to define, redefine and implement its basic choices concerning purpose, goals and objectives, target sectors and populations, means of action, resource allocation and organisation, and patterns of institutional behaviour in interacting with the environment (Blunt 1990; Balogum 1991; Barney 1991; Hamel 1998). Today's business climate is increasingly characterized by rapid change and fierce competition. Organisations must adapt to their environment if they are to survive and prosper. And indeed an organisation's success depends heavily on its ability to adapt to its environment or to find a favourable environment in which to operate (Veronique 2002).

The Uganda Management Institute, like many other organizations is operating in a very competitive environment. For the Institute to achieve its objectives, it must adapt a strategic and dynamic approach in its planning, management systems and operations. Unfortunately, similar to many other organizations, there might be several internal and external obstacles which must be addressed before UMI can be counted among the national and regional successful management development institutions (MDIs). There is therefore a need to identify the obstacles and devise a strategic approach in searching for possible solutions. In other words, the study aims to analyze the business strategy approach of UMI.

## **Objectives of the Study**

The main purpose of the study under Learning Goal No.1 was to conduct a preliminary strategic analysis of the business environment in which Uganda Management Institute operates which analysis should support the primary organisational goals. The following detailed objectives were identified: -

- To analyse the role of UMI against the background of current and future needs of Ugandans' Management training environment.
- To examine the relationship between UMI's training initiatives (course content and design and programmes offered) and the demands of the potential clients in the changing economic environment in Uganda.
- To investigate UMI's plans, strategies, resources for and challenges/constraints in building a sustainable management capacity in Uganda.
- To make any relevant suggestions towards enhancing UMI's competitive edge in Uganda as well as the sub-region.

## **Methodology**

Colin Robson (1999) and Michael Harrison (1994) have correctly argued that all research methods have their strength and weaknesses. No single method for gathering and analyzing data can suit every diagnostic problem and situation, just as there is no universal model for guiding diagnostic interpretations or one ideal procedure for managing the diagnostic process. By using several methods to gather and analyse their data, practitioners can compensate for many of the drawbacks associated with relying on a single method.

Accordingly, the execution of this study entailed a participatory approach with the key stakeholders. This approach was intended to enable the key stakeholders to significantly contribute to UMI's strategic analysis and development. As a result the study utilized the following methods:

***a) Review of relevant literature***

A review of the literature setting out the background to UMI and its challenges has been the chief source of data for the study. In particular, UMI documents and publications were a significant source of data referred to. Additionally, secondary information on institutional capacity development in general from books, journals, reports and other publications offered relevant information on the subject. The literature review helped in establishing the business environment within which the Institute is operating. In addition, literature pertaining to Management Development Institutes (MDIs) and other tertiary institutions was reviewed so as to have a clear understanding of the sector trends, opportunities and threats.

***b) Meetings with key management representatives and UMI staff***

Regular meetings (both formal and informal) were held with members of the UMI management team and staff. The meetings and discussions were to ensure that management and staff were involved in the study of an institution which concerned them.

***c) Interviews with other stakeholders***

Some of the key stakeholders interviewed included: -

- UMI Board of Directors/Council Members
- Managers in the public, private and NGO sectors
- Current and former UMI participants
- UMI competitors

According to Harrison (1994) consultants may interview key clients, customers and even competitors and representatives of stakeholder groups.



## The Strategic Significance of the Study

A study of this nature should lead to a broader understanding of the strategic challenges that UMI must confront in order to achieve its mission of **“Excelling in Developing Sustainable Management Capacity”**. The critical issue is not whether the prescriptions in this study are correct or not. Rather, what is important is that it should present a sound analysis of the external and internal environments of UMI such as to enable management, staff and the Institute Council and other stakeholders to achieve a shared understanding, Vision, and Strategic direction of the Institute.

A strategy is the direction and scope of an organisation over the long term: ideally, which matches its resources to its changing environment, and in particular its markets, customers or clients so as to meet stakeholders’ expectations (Gerry Johnson and Scholes, 1993). Jenkins and Ambrosini (2002) add that strategy should not be seen as a discipline or a function or even a tool kit, but as an agenda: a series of fundamental questions and problems that concern organisations and their successful development. And as observed by Grant (2002), strategy is about winning. A successful strategy should have long term, simple and agreed objectives, a profound understanding of the competitive environment; and an objective appraisal of the resources which enables an organisation to see its “big picture” within the context of its industry environment.

The principal goal of Uganda Management Institute (UMI) is to promote and sustain development of quality human capital required to propel balanced human development in response to identified gaps in the labour market. The Institute also aims at achieving and maintaining a high level of growth as a going concern. As it will later be discussed by the author, UMI has some key strengths/advantages which include the following, among others: Clear Vision and Mission; Culture of strategic planning; highly dedicated faculty and administrative cadres; a positive reputation of UMI among students; an emerging culture of teamwork; experience in graduate education; and the existence of a modern Global Distance Learning Centre (GDLC). Unfortunately however, UMI is confronted with several challenges whose solutions necessitate a well considered strategic approach. Such challenges include:

- Liberalisation and globalisation of higher education leading to increased competition.
- Rapid institutional growth against limited physical infrastructure.

- Increased cost of doing business and with constantly declining financial support from government.
- Research and consultancy is still low.
- Need for a new constant and consistent management philosophy of a visionary leadership at all levels.
- Limited strategic marketing and failure to establish a niche market.
- Failure to forge effective partnerships.

While a number of threats could be operating in the environment, the major one is the emerging stiff competition both locally and globally. The rest of our discussion will therefore attempt to devise and summarise the possible strategic options UMI should undertake in the next 5 to 10 years stabilisation period which should be used to create a platform for its future growth. The options would facilitate the Institute in taking advantage of the opportunities in the environment which have been identified in the various Learning Goals.

In the circumstances therefore, UMI needs to have a strategy that will assist the Institute to get from where it is now to an ideal future. There are at least six powerful reasons for implementing a winning UMI strategy:

1. ***Mission.*** UMI needs a strategy to achieve the mission.
2. ***Our ideal future.*** UMI needs a strategy to get us from where we are now to our ideal future.
3. ***Financial goals.*** UMI needs a strategy to achieve the required financial result.
4. ***Repositioning.*** UMI may need a strategy to move the business from where it is now to where it needs to be to achieve the mission or required financial results.
5. ***Strengths, weaknesses, opportunities and threats.*** UMI needs a strategy to focus on its strengths and opportunities, and either avoid or overcome its weaknesses and threats.
6. ***To take action.*** Strategy must lead to action because it is action which gets results. Strategy without action does not get results and action without planning is a common cause of business failure.

Educational institutions have now realised that like any other business organisations they need to practise strategic planning. In fact a colloquium on ***The University in Africa in the 1990s and Beyond*** held in Maseru (Botswana) in 1995 recommended “that more

emphasis be placed than hitherto on strategic planning". This was seen as being urgent given the environment in which African universities operate, namely: "Stringent economic conditions, graduate unemployment, rising enrolment and continuing increased demand at a time of decreasing funding" (Thomas 1998). As McClelland (1994) points out, competitive strategy formulation is a means by which the organisation develops a course of action so as to attain specific objectives which are considered mandatory if the organisation is successfully to compete in the market place. Therefore, in its efforts to predict and plan for the environmental uncertainties, UMI must naturally seek to define its competitors' plans and, alternatively forge a strategy to offset their effects. Obviously, this activity and counter-activity exists whenever two or more organisations compete in similar markets or have similar goals. UMI however needs to make the strategies flexible enough so they can be adjusted to the reactions of customers, competitors, employees and others both inside as well as outside the organisation. This inbred flexibility is what will make UMI's strategy a competitive one in that it will permit and indeed force the Institute to become proactive rather than reactive to the uncertainty and change prevalent in today's global market place. To take a leaf from Gareth Morgan (1998), UMI must therefore develop capacities that allow the Institute to do the following: scan and anticipate change in the wider environment to detect significant variations; develop an ability to question, challenge and change operating norms and assumptions; and allow an appropriate strategic direction and pattern of UMI to emerge.

As Uganda Management Institute ponders in the future, there are numerous strategic areas, which need to be addressed to make the Institute more competitive, stronger, and viable and at the end of the day achieve its vision of being a world-class management development institute (MDI). Obviously the writer being an employee of UMI, addressing his own organization's strategic issues requires a great deal of self-honesty, self-analysis and courage.

UMI needs to conduct a strategic analysis of its future direction. Gerry Johnson and Scholes (1993) inform us that analysis is concerned with understanding the strategic position of the organisation. What changes are going on in the environment, and how will they affect the organisation and its activities? What is the resource strength of the organisation in the context of these changes? What is it that those people and groups associated with the organisation – managers, shareholders or owners etc aspire to, and how do these affect the present position and what could happen in the future? Such an analysis is undertaken to form a view of the key influences on the present and future well-being of the organisation

and therefore on the choice of strategy. Jenkins and Ambrosini (2002) accordingly propose seven key categories of strategic issues that must be considered while analyzing strategy which issues are of strategic importance to UMI: (i) Context (e.g. external environment); (ii) Competing (customers and competitors); (iii) Corporate strategy (deals with questions such as alliances, diversification, globalisation etc); (iv) Competences (deals with organisation resources e.g. skills, competences and capabilities); (v) Culture (is about the organisations internal environment); (vi) Change (concerns the types of change an organisation can implement); and (vii) Control (which is about organisational structure, power relationships and the way managers control what is happening in their organisation). Similarly, designing between the external and the internal environment of an organisation is common to most approaches to the design and evaluation of business strategies. As observed by Grant (2002), one well known approach, which UMI can utilize, is the SWOT framework: Strengths, Weaknesses, Opportunities and Threats. This framework distinguishes between two features of the internal environment, strengths and weaknesses, and two features of the external environment, opportunities and threats.

UMI, like any other organisation exists in the context of a complex commercial, economic, political, technological, cultural and social world. This environment changes and since strategy is concerned with the position a business takes in relation to its environment, an understanding of UMI's environment and its impact is of central importance. The task of UMI's business strategy will then be to determine how the Institute will deploy its resources within the environment and therefore satisfy its long-term goals, and how to organize itself to implement the strategy. One way of thinking about UMI's strategic capability is to consider its strengths and weaknesses. These strength and weaknesses may be identified by considering its physical infrastructure, capital equipment, human resources, its management and systems, its financial structure and its products. Again, the aim is to form a view of the internal influences and constraints on strategic choice.

The Journal of Management Development (1997) has produced a list of major causes for business failure (see Table 1.1) which this author finds relevant to UMI as it considers its strategy. Although UMI is not subject to all the problems outlined in Table 1.1, the contents of this table can be used as a good guide to probing weaknesses that may be currently existing.

**Table 1.1: Major Reasons for Business Failure**

<b><u>Specialization</u></b> <ol style="list-style-type: none"><li>1. No mission, no clear goals, stated objectives</li><li>2. Customer not perceived as top priority</li><li>3. Loss of momentum in sales, poor sales performance</li><li>4. Impatience, trying to get rich quickly</li><li>5. Operating outside own area of excellence, diversification into unassociated businesses</li></ol>
<b><u>Differentiation</u></b> <ol style="list-style-type: none"><li>6. Failure to establish competitive advantage, failure to be better, cheaper, faster or nicer</li><li>7. Product not suited to customer requirements</li><li>8. Poor quality of product</li></ol>
<b><u>Segmentation</u></b> <ol style="list-style-type: none"><li>9. Failure to identify customers</li><li>10. Reactive rather than proactive selling</li><li>11. Incomplete marketing strategy</li></ol> <p>Concentration</p> <ol style="list-style-type: none"><li>12. Poor leadership, lack of integrity and competence of key staff, lack of commitment and persistence</li><li>13. Mismanagement of working capital</li><li>14. Failure to analyse and respond to trends, changes in the market place</li><li>15. Failure to control overhead drift</li><li>16. No business plan</li><li>17. Inadequate financial records, poor budgeting, poor cash control</li><li>18. Action without planning, failure to collect the relevant facts</li><li>19. Paralysis by analysis, too much analysis, not enough action</li><li>20. Poor relations with staff, poor communication, command and control mentality</li></ol>

***Source: Journal of Management Development (1997) Vol. 16, No.8, pp 565 – 585***

As UMI devises and implements its strategic direction, all its stakeholders must appreciate the fact that change is inevitable and that change equals opportunity. Successful business people are flexible and adaptive. They love new ideas, suggestions for improvements, better quality, etc. Successful organisations believe in change and continuous improvement.

## **CHAPTER TWO**

### **MANAGEMENT EDUCATION AND ITS ENVIRONMENT**

#### **INTRODUCTION**

To survive in the current era which is characterised by environmental turbulence, an organisation, in whatever business or service activity it may be involved, must be firmly rooted. This is because as observed by Longenecker and Neubert (2003) organisations in the 21<sup>st</sup> century are being confronted with a myriad of challenges brought on by a host of dynamic environmental variables, international competition, rapidly advancing technology, increasing customer demands, and over growing stakeholders expectations. Bates and Khasawneh (2005) add that technological advancements, dynamic customer demands, increasing globalisation, the blurring of organisational boundaries, and increased competition are all combining to produce organisational environments more turbulent and volatile than ever before. As a result, all these factors are causing organisations to implement change at a previously unseen pace and are putting tremendous pressures on managers at all levels to improve performance. This is in line with Gareth Morgan's (1998) advice that organisations must be sensitive to what is occurring in the world beyond (also see Kotter 1996).

As part of this environment, higher education which includes management education has been challenged by a mandate for deep change (El-Khawas 2001). As Guy Neave (2001) has helped us to understand, the last few decades have been marked by continuing pressure on higher education institutions to reshape their management structures and move from an academic and bureaucratic to a more business-like model of management. As mentioned by El-Khawas (2001) much debate on higher education is cast in terms of high ideals and expansive purposes. Conferences, reports and essays address the challenges of social change, opportunities for innovation, the need to improve the quality of teaching and learning, and other ambitions and sweeping issues. Possibly, that is why scholars such as Aduol (1999) emphasise that one of the most pressing problems to the economies of developing countries is the sustainability of institutions of tertiary education. It is therefore necessary that based upon the previously described potential changes in supply and demand, corresponding changes in critical success factors should be considered by universities and tertiary education institutions leaders in setting their strategies for the future. Friga et al (2003) have predicted that given the relationship between management education and the business world, market forces such as globalisation, technological change,

and new workplace requirements may affect business education more than any other branch of academia. As Cornuel (2005) has pointed out, management education in itself and all its aspects (initial education, executive education, research) has an important role to play, at two levels at least. First, the techniques and methods being taught and research should lead to a general improvement in managerial modes, and therefore to optimised economic growth. Second, the soft elements integrated into the curricula should raise awareness of the role of managers in society as regards the objective of creating more social cohesion inside and outside private, public and not-for-profit organisations.

It is clear, at least from the above discussion that higher learning institutions such as Uganda Management Institute (UMI), face a number of serious challenges. They are expected, for example, to come to grips with the need to develop new notions of learning and new structures for dealing with the turbulent environment. Traditional notions and structures have gradually become perceived as outdated and inadequate for satisfying the needs of knowledge (- based) societies. The reviewed literature that follows will endeavour to portray some of the factors that have necessitated the need for changes. Such factors include globalisation, lifelong learning, the curricula and technological developments like e-learning.

## **Globalisation**

The International Monetary Fund (IMF 2000) refers to economic “globalisation” as a historical process, the result of human innovation and technological progress. It refers to the increasing integration of economies around the world, particularly through trade and financial flows. The term sometimes refers to the movement of people (labour) and knowledge (technology) across international borders. Globalisation is therefore the increasing world-wide integration of markets for goods, services, labour, and capital.

In talking about “globalisation” academics generally refer to a process of interdependence, making the globe more integrated and a “world economy” (Ka-hoMok and Hiu-hong Lee 2000; Taylor et al. 1997). Living in a “global village”, people are released from their local contexts and are relatively free from the limitation of time and space (Giddens 1990). In addition, the process of globalisation has inevitably led to the trend of “de-territorialisation”. People inhabiting different parts of the world nowadays can interact and communicate as easily as if they all lived in the same country. Such development confirms what Robertson (1992) calls the “compression in the world and the intensification of consciousness of the

world as a whole". Of course, as pointed out by Gill and Lashine (2003) in today's global business environment, it is not a viable economic alternative for a nation or an economy to be isolated from the rest of the world.

Globalisation is creating numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organisations, communities, and societies across different countries and cultures. In particular the advantages of globalisation as noted by Yin Cheong Chenge (2004) may include the following:

- global sharing of knowledge, skills and intellectual assets that are necessary for multiple development at different levels;
- mutual support, supplement and benefit to produce synergy for the development of countries, communities and individuals;
- creating values and enhancing efficiency through the above global sharing and mutual support to serving local needs and growth;
- promoting international understanding, collaboration, harmony and acceptance of cultural diversity across countries and regions.

The new world order is also reflected in the trend of ever increasing investments across national boundaries. Foreign investment as observed by Srinivas (1995) has become a sign of international confidence in the local economy. This new world order has also created unprecedented demand for knowledge workers (Ying Cheong Change 2004; Matiku and Wallace 1999; McCelland 1994). Due to this development therefore, management education institutions such as Business Schools, Management Development Institutes (MDIs) and other tertiary institutions have an important role to play in providing perspectives and orientations with respect to emerging trends in the global environment.

As Kotter (1996) has foretold, a globalised economy is creating both more hazards and more opportunities for everyone, forcing organisations (including training institutions) to make dramatic improvements not only to compete and prosper but also to merely survive. Obviously, the rate of change in the business world is not going to slow down anytime soon. If anything, competition in most industries including management education will probably intensify over the next few decades. Organisations everywhere will be presented with even more terrible hazards and wonderful opportunities, driven by the globalisation of the economy along with related technological and social trends. It is important to appreciate as



advised by Friga et al (2003) that the world is becoming smaller everyday. Globalisation requires the recognition that today's economy is truly worldwide and that national borders are less important than has historically been the case.

Though different countries may have chosen divergent paths in response to the global trend, there are several ways globalisation affects public administration and management of individual organisations (Ka-ho Mok and Hiu-hong Lee 2000). Baltodano (1997:621) points out that "through the institutionalisation of the global economy; through imposition by the international organisations; by increasing interconnection, both formally and informally; by changing the values of both bureaucrats and policy workers, selection of management practices is shaped increasingly by globalisation, transnationalisation of the nation as apparatus". This therefore means that management education providing institutions such as Uganda Management Institute (UMI) must have this general and broad outlook as they provide their services. As observed by Randall (2002) higher education which almost always includes management education has always been, and will always be, a global business knowledge. Knowledge and ideas respect no national boundaries. In the 21<sup>st</sup> century, the globalisation of knowledge is no longer limited to small communities of scholars with personal international links. Education helps individuals to be mobile across national boundaries, using skills learned in one country to secure employment in another. That is why the World Bank (2002) has stressed that developing and transition economies face significant new trends in the global environment that affect not only the shape and mode of operation but also the very purpose of tertiary education systems. Obviously, in order to successfully fulfill their educational, research and informational functions in the current century, tertiary education institutions need to be able to respond effectively to changing education and training needs, adapt to a rapidly shifting tertiary education landscape, and adopt more flexible modes of organisation and operation. According to the World Bank (2002) tertiary education institutions in many countries are initiating sweeping transformations to align themselves better with new educational demands and competitive challenges. The main goal is to increase institutional flexibility and build up the adaptive capacity of tertiary education institutions and programmes. These reforms are all-encompassing, touching on programme offerings, academic structure and organisation, pedagogical processes and modes of delivery, physical infrastructure, and the teaching profession.

Under globalisation, management education institutions are being challenged to provide education that is globally useful. Inevitably, in a borderless higher education system, approaches to defining standards and recognising qualifications, are increasingly global. And as Randall (2002) explains, qualifications are the currency of higher education, and the only currencies that matter in a global economy are those which are fully convertible – or, in education terms, which are recognised around the world for the purposes of progression to employment, professional status, or further academic study. Therefore, in order to achieve internationally recognised standards, institutions of learning need to collaborate and work together. According to Sharma and Joy (1996), as the world gets focused on the demands of the 21<sup>st</sup> century, more new forms of globalisation of management education have begun to emerge. Some of those emergent patterns include: joint ventures between management education institutions in different countries; educational network; globalised multidisciplinary action projects; and international faculty exchanges.

The foregoing account of globalisation reveals that there is an acute crisis in management education and training. Global managers desperately need management education to equip themselves with insights into new patterns of thinking, strategy, and management for the dynamic global business environment in the 21<sup>st</sup> century. Knowledge accumulation and application have become major factors in economic development and are increasingly at the core of a country's competitive advantage in the global economy. It is therefore imperative that management education institutions such as Uganda Management Institute fully adjust themselves ready for the challenges emerging from the globalisation phenomenon.

### **Lifelong Learning**

Another development to which management education institutions must adjust themselves and seize it as an opportunity is the “lifelong learning” phenomenon which is fast developing among individuals and organisations. According to Crick and Wilson (2005) lifelong learning relates to learning that takes place throughout the lifespan (also see Bates and Khasawneh 2005). It assumes the widest possible boundaries, including the main types and classes of learning, and informal, formal education and self-directed learning. It is relatively continuous, with a broad momentum maintained throughout life. It is intentional on the part of the individual or the organisation and is expressed in some form of personal organisational strategy, formally or informally, which may be re-appraised over time.

The importance of management education and management development has been widely acknowledged in the various reviews of management education and training and has been linked with the attainment of competitive advantage (Winterton & Winterton 1997; Monks and Welsh 2001). One distinction between these two terms has been offered by Fox (1997) who suggested that:

*Management education tends to be more theoretical, emphasising a body of knowledge, whereas management development tends to be more practical, emphasising a repertoire of skills – in Quinn's (1992) terms: "Know-what" and "Know-why" in contrast to "Know-how".*

As earlier discussed, this dynamic environment demands a process of continuous development as advocated by the Chartered Institute of Personnel and Development (CIPD 2004). Continuous changes in both the economy and technology, as well as changes in the speed of change, suggest that managers who lead modern organisations need to be engaged in a constant learning process. As Hogan and Warrenfeltz (2003) point out, it is axiomatic in today's world of business that change is the only constant. Successful managers walk a learning treadmill to keep up, and run that treadmill to succeed. Hence continuous management development contributes to improved business performance by developing managerial competences and thereby raising the organisation's capacity of achieving the objectives necessary to satisfy the critical success factors. That is why Crick and Wilson (2005) emphasise that it has become increasingly apparent to more and more organisations that lifelong learning must become a reality for them to remain competitive in an increasingly demanding environment (also see Gornitzka and Maassen 2000).

According to the World Bank (2002), the second dimension of change in education and training needs is the short "shelf-life" of knowledge, skills, and occupations and, as a consequence, the growing importance of continuing education/training and of regular updating of individual capacities and qualifications. Employees will be increasingly expected to return periodically to educational institutions to acquire, learn to use, and learn the knowledge and skills needed throughout their professional lives. As a result therefore, institutions such as UMI will have to organise themselves to accommodate the learning and management development needs of a more diverse clientele: working students, day students, stay-at-home students, weekend students and so on (Saint et al 2003; World Bank 1999; Porter 1990).

## **The Curriculum Challenge**

The relevance of universities and tertiary institutions to national needs is a growing concern for both governments and citizens. According to Saint (1992) relevance is understood to include educational choices within the educational institution that are germane to the national economy and in tune with the prevailing global labour market. As earlier discussed, growing globalisation of national economies through trade and investment, increasing internationalisation of production through multinational corporations, together with the rise of new forms of business organisations such as networks and strategic alliances expanding across national boundaries, have been the order of the changing business landscape in the twenty first century. Sharma and Joy (1996) point out that this development has obviously created a necessity to further our understanding of processes and consequences of internationalisation or globalisation and their implication to management education. Consequently, there is now a heightened concern with globalisation of management education which continuously presents new curriculum challenges to institutions providing management education.

In this ever expanding labour market, the users of higher education – the students and employers (Randall 2002) look for assurance on two matters. First, students want assurance about the quality of the learning opportunities that are provided. For the intended outcomes of the course to be achieved, the learning opportunities must be fit for their purpose. Students are concerned that teaching is of good quality, that library and other facilities are adequate, and that they will get the personal, academic support that they need. Similarly, employers are concerned that the institution will provide the students (their employees) with the necessary competences that give them some capacity for critical and innovative thinking on issues of national and global importance; transmit to them essential professional and cultural values and behaviours that equip graduates (students) for leadership in society.

Recruiting and developing global employees is a priority for organisations in today's international marketplace (Bailey 1995). Mergers, alliance structures, and joint ventures across national boundaries have created the demand for multinational teams of employees and managers capable of working with corporations and executives from different countries and cultures (Chan 1994). This fast pace of change in international business requires that private sector and public sector employees have relevant education and training in preparation for the increasingly competitive local and global marketplace. Automatically,

this implies that institutions such as UMI must equip their graduates with the skills and competences to operate across national and cultural boundaries (Veilba and Ede Ishain 1995; Phinaitrup 2000). This is because as noted by Han (2004) the global economy has presented new challenges to organisations and training institutions; and to respond to the challenges several institutions have attempted to internationalise their faculty, students and curricula. Rupert Murdoch (2001) has referred to the risk of countries without strong higher education systems becoming “globally irrelevant”.

Unfortunately, higher education policy in most African states is still predominantly shaped at national level; and as such, it still tends not only to reflect but to underscore the specific traditions and circumstances of the nation (Enders 2004). However, as Enders (ibid) further observes, a number of different trends, many of which can be grouped together under the general heading of “internationalization or globalisation”, have begun to challenge the predominance of the nation state as the main determinant of the character of universities and tertiary institutions, and of the experiences of their students, their graduates and those who work in them. Globalisation is contributing to, if not leading, a process of rethinking the social, cultural and economic roles of higher education and their configuration in national systems of higher education. This might require a blending of the best international programmes and the meeting of national and regional (like sub-saharan Africa) needs which would suggest some sort of alliance or partnership among higher education Institutions.

Researchers have suggested numerous ways to internationalise or globalise management education curricula. Bonarparte (1989) suggested the following approach: (1) requiring international modules within core courses, or (2) requiring an international business course. Goldberg (1992/3) recommended adding international modules to existing courses, particularly in functional areas. Ahmed and Krohn (1994) proposed integrating international topics into existing business courses, such as marketing or finance. Kwok and Arpan (1994) recommended the infusion approach, which involves the insertion of the international dimension of business into existing business courses. In their survey, Kwok and Arpan (1994) found that 74 percent of respondent business schools used infusion at both undergraduate and graduate levels. And as observed by Saint et al (2003) in today's globally competitive knowledge economy, updating curricula needs to be an almost permanent undertaking. Clark (2001) suggests that university departments will need to change their curricula every 2 or 3 years to ensure that the content of teaching reflects the rapid advance in knowledge (also see Stumpf et al 1994). The curricula reviews are

necessary because of the rapid changes emerging from the world's ultra-competitive market place. Individual managers and executives are being asked to change their approach to running their operations and managing people (Longenecker and Fink 2005). The "new" managers, we are told, must learn to be coaches, team players, facilitators, process managers, human resource developers, visionary leaders and entrepreneurs among other things. They must be more bottom-line driven, more innovative and more focused on the human dynamics of the organisation (Crotty and Soule 1997; Chan 1994; Longenecker and Fink 2005). However, Weick and Van Orden (2000) who reviewed management education practices Vis – a - Vis the current changed world order, note a lack with respect to the development of global competences. They emphasise the need to understand other cultures, and that there is no substitute for immersion of business students in the evolving global issues facing practising managers. They also list a number of related skills that need to be taught: coping with uncertainty and ability to improvise; initiation and management of change; team development skills; and communication, negotiation and persuasion skills. In light of the above discussion, Learning Goal No.5 will among others, attempt to analyse the curricula challenges that UMI may currently be experiencing.

### **Distance/e-Learning**

Although the foregoing discussion has stressed the need to change the curriculum to meet the current global demands it is not only the curriculum which needs to change but also aspects of delivery. The challenges confronting African tertiary education do not exist in isolation from broader economic, technological and educational changes in the world at large (Saint 2001). With the emergence of a global knowledge-based economy, governments, according to the World Bank (1998) are increasingly willing to invest in education. As observed by Saint (2001), the need for lifelong learning to enable workers to upgrade their skills and maintain competitiveness within rapidly evolving economies is generating a worldwide demand by adults for part-time tertiary education. In response, the more entrepreneurial tertiary institutions now recruit students from a global pool and reach out to other countries through educational programmes provided at a distance. As a result, university and tertiary education is becoming an internationally tradeable commodity in an increasingly competitive global market (Bennell and Pearce 1998). McPherson and Nunes (2002) add that distance education is becoming one of the most widespread and prevalent modes of continuing professional development (CPD). This is because demanding professional commitments are not compatible with regular on-campus periods of full or part-time studies proposed by traditional tertiary institutions. As a result, professionals engaging in continuing professional education want flexible courses that do not require extensive

periods away from their workplace, with independent study components relevant to their day-to-day practice.

What do we really understand by the “distance/e-Learning” concept? According to Salas et al (2002) distance learning is a broad term that encompasses both distance education (a term commonly used in academia) and distance training (a term commonly used in industry). One can define distance learning (DL) as learning that is media based, remote, and supported by some instructional system. Salas and colleagues further observe that perhaps because of its rapid growth, distance learning is a fragmented domain consisting of many relatively new technologies. The words distributed, distance, online, Internet, or Web-based are often used interchangeably to describe training, education, learning or instruction. Other terms that also appear are correspondence study, homestudy, independent study and external study. In addition, the terms e-learning and cyber learning are appearing with increasing frequency in the literature (see Keiran Levis 2002; Beaudoin 2003; Chartered Management Institute 2004). As Keiran Levis (2002) points out, distance learning has been around since the nineteenth century. It embraces all the above plus the text – based learning and correspondence courses. Although old-fashioned distance learning, mostly based on text and correspondence is still going strong (Keiran Levis 2002), distance learning institutions are increasingly employing the Internet and other technologies as part of their mix, and may or may not describe what they do as e-learning (Beaudoin 2003).

The World Bank's (2001) view is that one specific dimension of scientific and technical progress that is already having a strong effect on the tertiary education sector is the information and communication technology (ICT) revolution. The Commonwealth Department of Education, Training and Youth Affairs defines Information Communication Technology (ICT) as relating “to those technologies that are used for accessing, gathering, manipulating and presenting or communicating information. The technologies could include hardware (e.g. computers and other devices); software applications; and connectivity”. (Anderson and Baskin 2002).

The advent of printing in the 15<sup>th</sup> century brought about the first radical transformation in modern times in the way knowledge is kept and shared. Today technological innovations in informatics and telecommunications are once more revolutionalising capacity to store, transmit, access, and use information. Rapid progress in electronics, telecommunications,

and satellite technologies, permitting high-capacity data transmission at a very low cost, has brought about the quasi neutralisation of physical distance as a barrier to communication and as a factor in economic competitiveness (World Bank 2001). The elimination of the physical distance barrier as a result of the ICT revolution means that it is possible for outside institutions and providers to compete with local universities and other tertiary institutions and reach students anywhere, in any country. Furthermore, appropriate, well functioning information and communication technologies are of vital importance to tertiary education because they have the potential to (a) streamline and reduce administrative tasks and, in general, make possible greater efficiency and effectiveness in the management of tertiary education systems and institutions (b) expand access and improve the quality of instruction and learning on all levels; and (c) vastly broaden access to information and data – cross campus, or cross the globe (Saint 1992; World Bank 2001; Beaudoin 2003).

### ***Why distance Learning/Education?***

Several writers believe that the potential benefits associated with an expanded use of distance education are numerous (Saint 2000; World Bank 2001; Magnus 1996; Keiran Levis 2002). If adequately managed, Saint (2000) points out that distance education could enable expansion of tertiary enrolments at less cost for student than under the traditional residential campus system. Greater flexibility in design and delivery of curriculum content than is normally associated with classroom teaching enables distance education courses to adapt to specific student needs or work requirements, thereby enabling greater relevance. Distance learning also accommodates the growing demand for lifelong learning more easily than do residential programmes (Keiran Levis 2002). According to Saint (2000) tertiary distance education holds the promise of three primary benefits for Africa: increased access to education, improved educational quality, and more efficient use of limited resources.

There are several other benefits that tend to promote the use of distance learning. The most important market drivers for the adoption of e-learning in corporate markets to date as identified by Keiran Levis (2002) are:

- The promise of savings in training costs;
- The rapid growth in information that knowledge workers need to handle, particularly in relation to new products and processes;
- The rapid rate of change in knowledge and skills;
- Competitive pressures to improve performance in key areas; and



- Shortage of time to take conventional training.

Coopers and Lybrand (1991) have studied the use of distance learning for company training and found that it has 40 percent cost advantage over conventional forms. Even more importantly, training was found to be more effective because it was carried out while the manager was working and could therefore be applied immediately (Daniel 1994).

As predicted by Keiran Levis (2002), there are good reasons for believing that the markets for new approaches to learning could become very large: First, knowledge and human capital are becoming the most valuable economic assets and therefore individuals and organisations are likely to invest heavily in both. Second, innovative businesses, universities and other tertiary institutions have clearly demonstrated that technology can enable radical improvements in both the effectiveness and efficiency of learning and business performance. Some universities have been successful pioneers in the application of technology to learning. For example the Open University (UK) founded in 1971 which was the first that was dedicated to distance learning, has been an innovative model for many others around the world, and is now the largest (185,000 students) and one of the most successful universities in the United Kingdom. The University of Phoenix whose parent company Apollo was founded in 1973, is the Open University's (UK) equivalent in the United States of America (Keiran Levis 2002).

Even in Africa today, the landscape of distance education is changing rapidly. Of course, as observed by Saint (2000), distance learning and associated technology applications are not new tools for tertiary institutions in Africa: the University of South Africa (UNISA) whose enrolment is over 117,000 students began in 1946 as a correspondence university and has evolved into one of the world's largest open distance learning Universities. Since the 1960s, Botswana, Kenya, Malawi and Zambia have used distance education for teacher training (Magrus 1996).

Botswana and Zimbabwe have established new tertiary institutions whole dedicated to distance education. The Zimbabwe Open University already enrolls nearly 10,000 students in nine programmes, and already launched a master's degree in education for service teachers (Saint 2000). In Uganda, Makerere University enrolls over 1500 students in a Bachelor of Commerce (B.Com) and Bachelor of Arts in Education (BA.Ed) courses given at a distance and is planning to expand into areas of law, technology and sciences. The Open University

of Tanzania (OUT) was established in 1992 by an Act of Parliament and is offering courses leading to Bachelor of Arts, Bachelor of Arts with Education, Bachelor of Commerce, Bachelor of Laws, Bachelor of Science, Bachelor of Science with Education and a Master's of Business Administration (MBA) (see: [www.openuniversity.ac.tz](http://www.openuniversity.ac.tz)). In fact, in Africa if distance learning is effectively and efficiently used and managed, it could be an effective tool in expanding access for groups not commonly represented within the tertiary education institutions. Since the population of most African nations is predominantly rural and located far from universities and other tertiary institutions found in the principal cities, distance learning merits attention as a potentially effective means of expanding access to higher education (Saint 1992; Murphy and Zhiri 1992).

It is important to note however, that introducing distance learning in an institution is more easily said than done. Saint (1992) expresses the fact that the obstacles to establishing an effective distance education programme are considerable. To be economically viable in developing countries, the number of students must be fairly large. The initial capital outlay may be high, particularly where materials are locally developed. Distance learning programmes have to be specially designed and supported by an effective infrastructure. The need for high skilled staff may absorb talented professionals from other sectors. Management can be complex and reliable communications systems are essential. Finally, self-learning requires highly motivated and mature students.

As we conclude this section, it is imperative to note that during the last two decades, the emergence of information and communication technologies (ICTs) has prompted educational institutions to reflect on its impact on their educational systems (Westera 2004). New technologies hold many promises to improve the quality and efficiency of educational services so as to remain competitive. As already discussed, Web-based learning technologies readily enhance the students' learning environments: these promise instant access to a vast amount of learning resources, customised learning programmes and instant support, while overcoming the restrictions of place and time. The technology is also cost-effective.

At the same time, we note that universities and other tertiary institutions worldwide are facing daunting new challenges. Such challenges as outlined by Keiran Levis (2002) include among others: a large and continued increase in demand for tertiary education; limited financial resources, so that this demand needs to be met at a much lower cost per head than hitherto; a general trend towards continuing, if not lifelong learning; the frantic search

for new sources of revenue; and an apparently sharp rise in competition, which threatens to become borderless and even global. All these challenges suggest that distance learning will have an increasing role in management development, which is the spinal cord of lifelong training for most people. The respective management education institutions must therefore get fine tuned in readiness for the challenges which have been dictated by the emergency of globalisation and internationalization of business and competitiveness, bringing about changes in the demand for the supply of management education.

## **CHAPTER THREE**

### **MANAGEMENT DEVELOPMENT INSTITUTES: A REVIEW OF RELATED LITERATURE**

#### **The necessity to establish Management Development Institutes (MDIs)**

Management development institutions constitute an appropriate institutional base for teaching management and helping to improve it in practice. Kubr (ed) (1982) views them as bodies able to generate experience, develop new theory, transmit generalized experience to both would-be and practicing managers and help increase the learning and problem-solving capacity of organisations. As Ladipo Adamolekun et. al (1997) observed, the establishment of Institutes of Administration (IA's), Management Development Institutes (MDIs), and Ecoles Nationales' d' Administration (ENAs) by governments in the immediate pre-and post- independence years in many Sub-Saharan Africa (SSA) countries (e.g. Kenya, Mauritania, Nigeria, Senegal, Tanzania and Uganda) is a testimony of their awareness of the importance of management education and training. Another testimony to the general disappointment with the MDI's, IAS and ENAs is provided by the launching in the late 1980s of a multi-donor initiative aimed at strengthening Management Training Institutions in Sub-Saharan Africa, jointly sponsored by the United Nations Development Programme (UNDP), the World Bank, the International Labour Organisation (ILO) and the Overseas Development Agency (ODA now DFID). The initiative involved thirteen selected African Management Development Institutes, and it had three main objectives: (i) to strengthen the management and administration of participating institutions, (ii) to develop faculty capabilities in crucial areas and (iii) to develop training programme capacity. Uganda Management Institute was one of the beneficiaries of this initiative.

The worldwide importance of MDIs has been demonstrated by the unprecedented growth of management development institutions over the years in both industrialized and developing countries, irrespective of ideologies and political regimes. For example despite the brutality and illiteracy of the Amin's murderous regime in Uganda, the then Institute of Public Administration (IPA) was recognized by the regime as an institute where government officers and even military personnel could be provided with management training (Laban Kirya, 1978).

Management Institutions have a major social function to fulfill. But it by no means implies that management development institutions are the only instrument for developing managers and promoting professional management. In enterprises and other organisations, management development tends to be viewed as a process in which formal training and retraining play an important role, but which also includes many other essential ingredients such as managerial career planning, challenging practical assignments in which a manager can acquire and practice new skills, on-the-job coaching, job rotation, self-development, appropriate use of external or internal consultants, improvements in communication within the organisation and so on.

The environmental changes have no doubt contributed to the establishment and better utilization of management development institutions. Change, it is claimed, has now become so discontinuous and transformational that it is leading to profound shifts in the nature of managerial work – shifts that are said to be unprecedented in modern times (Kanter 1989; Stewart, 1994; Salaman, 1995). Within this schema, managers at all levels- but more especially those in the middle are constantly being reminded of their pivotal role and “criticality” on the strategic influence that they exert in respect of organisational performance and renewal (Kanter et.al 1992; Floyd and Wooldridge, 1997). Managers, it would seem, are being presented with a new agenda of demands, expectations and challenges which some are forecasting will have complex implications for managerial roles and futures (Stewart, 1994; Jackson and Humble, 1994). Such challenges include: globalisation, technological changes, rising expectations of consumers, increasing diversity in societies and the need for performance focused organisations.

There is growing interest in management development’s potential to perform a strategic role and aid individual and organisational development. At an individual level, claims are made that it can assist managers to learn their old ways, change their attitudes, modify their management styles and update their technical/professional skills. At organisational level, arguments are made that it can operate as a catalyst and a means to transform the organisation by encouraging managers to innovate and provide the knowledge and skills to manage radical change (Dopson and Stewart, 1993; Stewart, 1994; Cannon and Taylor, 1994; Salaman, 1995). In other words, the goals and future direction of management development should not be limited to the development of the individual manager, but should be integrated within organisation development. Management development (MD) and organisation development (OD) are complementary activities (Vloeberghs, 1998).

With reference to the African continent, it is a widely held belief by politicians, academicians and management practitioners that entrepreneurship is the key element and driving force that will enable Africa to attain self-sustaining development (Mayuyuka Kaunda 1994). It is argued that the poor economic performance is due not to lack of resources but to the limited resource-fulness of African people. Thus, it is the slow development of the entrepreneurial spirit that is at the centre of African poverty. This therefore, further explains the need to establish management development institutions to accelerate the level of entrepreneurial development. Here the “entrepreneur” is defined in the broadest sense, as someone who perceives profitable opportunities, is willing to take risks, and has the ability to organize business enterprises.

Michael Clarke (1998) provides a three-tier role of management education institutions which he summarizes as (i) encouraging personal development (ii) practical engagement and (iii) analysis and research. All these roles further explain why management development institutions have been established.

In encouraging personal development, there is a shared concern for developing the skills and competencies, the knowledge and understanding of those with whom organisations are working. The role should go beyond the conventional business of education and training and be about encouraging the “reflective practitioner” (Schon 1991). The task should be to provide the environment and be the catalyst for managers and supervisors to reflect on what they are doing, how they are doing it, the ways in which their own environments are changing and how they themselves should change. To this should be brought the insights from the world of ideas, theory and research and also from engagement with other practitioners.

Management education institutions also have a role to provide a practical engagement with the participants. This points to the need for such institutions to provide practical exchange. Engagement with and between practitioners allows a unique opportunity to seed ideas, to promote debate and to influence behaviour. In this, trainers have the role of both stimulant and critic. They can introduce new ideas, new ways of thinking and new ways of working. They are in position to offer criticism and to promote a critical frame of mind.

Underlying all their activities, management education institutions are also expected to have a concern for the rigorous analysis of ideas and actions. Wherever possible, this should be associated with research. Clarke (1989) laments that some institutions find it difficult to find the time or maintain the capacity for research and where this happens it is a weakness. A research base is important, both in terms of informing training and education activities and enabling them to stay at the cutting edge of ideas. If institutions are not engaging in rigorous thinking, conceptualization, analysis and the search for models and rules, their teaching and the learning within them will be the weaker for it.

There is no doubt that despite the constraints faced by the majority of MDIs in Sub-Saharan Africa, they have made reasonable contribution to the development of their respective countries. Likewise, they have experienced several failures. Balogun (1991) in his critical assessment of MDIs stated that if the intention was to establish management institutes as agencies of management and administrative development, the general performance is well below standard. There is no doubt that they have turned out an increasing number of participants in the areas of general and functional management. They have carried out consultancy services to augment their dwindling subventions. A few of them must also have sponsored an occasional research project. In general, they have failed to influence development policy and public sector management practices. Balogun holds the view that their contribution to the cross-fertilization of ideas between the public and private sector has been minimal. While some of the institutions have hosted policy-oriented seminars and sponsored policy-oriented research projects, the majority are content to organize short-duration, technique-oriented training programmes. And until recently most of the MDIs had confined the structure and content of their training programmes on the public sector. This is of course not surprising since the majority of them were creatures of the public sector.

### **Constraints faced by Management Development Institutions**

Sub-Saharan Africa is confronted with a number of constraints hindering the countries' quick economic, social and political growth and development. Management Development Institutions within those countries must inevitably be affected by those constraints. Specifically, training within most developing countries suffers from a number of defects. Wyn Reilly (1987) outlined the following defects: (i) training curricula and materials are usually based on borrowed models and rarely updated (ii) classroom-based academic style

teaching still dominates (iii) evaluation of training goes little beyond taking attendance and assessing the “happiness levels” (iv) most institutes are poorly financed and managed. Almost all the above defects to a large extent still prevail in the majority of African MDIs.

Perhaps the institutes would have accomplished more if the required resources had been made available. In fact as Balogun (1991) commented they deserve to be commended for persevering in the face of all odds. For the majority, it has been one bad year after another in terms of budget allocation. In reality a number of governments in Sub-Sahara Africa are now gradually withdrawing financial support from these institutes. Yet they need huge financial provisions to be able to discharge their own obligations. Large sums of money have to be set aside for the expansion and renewal of physical facilities, procurement of suitable training materials and instructional appliances, the training and retraining of staff, and the motivation and remuneration of staff. As a consequence of these financial constraints, some institutions have been unable to attract and retain qualified and experienced staff which inevitably affects their level of efficiency and effectiveness.

There is also the fact that the factors inhibiting effective management in other arms of the public service (red tape, protocol, hierarchy etc) might also be present and even endemic in the management development institutes. An institute unable to reform itself has no leg to stand on when it ventures to the world outside.

### **Challenges for management development institutions**

For Africa’s management education institutes to perform effectively the task of developing the capacity for economic recovery and long-term growth, they must address the challenges ahead of them. Several role-related challenges can be identified, involving curriculum, and the underlying critique of thinking and practice, the partnerships with the environmental community, the transfer of experience, the conduct of research and evaluation. These issues are discussed in turn.

#### ***(i) Curriculum:***

The curriculum for management education, training and development must be relevant to the practitioner world as it is. As Clarke (1998) has argued, it is too easy



for providers to determine what they think the practitioners should know. This is wrong. The curriculum must not be producer driven. It must be developed through exchange with practitioners, who must be part of its definition. Management education institutions often show remarkable arrogance (like many government organisations themselves) in their insistence that they know best. The challenge of the curriculum goes beyond who sets it; it is also about making it relevant to tomorrow rather than yesterday.

Powell (1991) has challenged such institutions against offering courses which are too academic and are poorly co-ordinated and implemented. The enterprises and the management development institutions must share experiences in order to enhance the training and development process.. No doubt, management education works best when it is part an integrated enterprise-oriented package.

In the last decade, many of the basic methodologies of management training and development and their relevance and contribution to improved organisational performance have been questioned. This is especially relevant as the costs of training continue to increase. Management specialists must therefore understand the problems of local management practice and have skill in using the methodologies of management development, which are often imported from foreign industrial cultures.

As Vicere (1995) has argued, the competitive dynamics of the market place are changing to such a degree that business schools need to "transform and revitalise" themselves in order to meet the requirements of their corporate constituencies. He notes the emergence of a new breed of more sophisticated corporate clients who seek programmes which are demonstrably capable of contributing to their companies' growth and success and who no longer assume that school-based executive development is "the right thing to do". He further argues that business schools therefore need to develop more market-focused programmes, which are driven by applied research and rooted in partnerships if they are to become the kind of educational providers now demanded. Cockerill's (1994) comparative analysis of the United States and European programme markets suggests similarities in terms of their growth and direction wherein investment "is taking place increasingly in the form of tailored management development programmes". He argues that in response, business schools need to provide " particular and distinctive resources",

and include company and sector research materials and effective client management processes. Cockerill, however, doubts their ability to compete effectively without first undertaking “a process of re-ordering their goals and priorities and exchanging the culture and values within which they work.”

Both Vicere (1995) and Cokerill (1994) are putting their emphasis on business schools which makes one wonder whether management development institutes (MDI) are a distinct subset of business schools and if so what are their distinguishing characteristics? Business schools which are in most cases constituents of universities offer management and business education. Their niche was originally the private sector which has been a major source of students, mainly working executives who wish to upgrade their skills and knowledge in business and management. The majority of business schools offer studies leading to a degree of Master in Business Administration (MBA). On the other hand, management development institutes (MDIs) particularly in Sub-Saharan Africa (e.g. Ghana, Uganda, Kenya etc) were originally set up to serve governments in improving the skills and knowledge of government employees. Historically, they served as in-service training centres which provided sand-wich courses to government employees. However, with time, such institutions have embarked on providing postgraduate programmes in management, public policy and other executive management programmes similar to those offered by business schools. Some of them like the Indian Institute of Management Ahmedabad (IIMA) which topped Indian rankings in 2004 offer programmes leading to MBAs which were originally a preserve of business schools. Therefore other than the historical origins, MDIs can now be treated as part of the population of business schools. Although many of them still have a prominent public sector focus in their programmes, the majority of their mission statements talk of improving the management of the corporate and non-corporate sectors through pursuit of excellence in management education, research, consultancy and training. It would therefore be better to treat MDIs as part of the population of business schools.

It is imperative that management development institutions attend to the persisting debates over the seeming gap that exist between the content of programmes and the perceived relevance to the reality of management practice and what managers should actually do (Salaman, 1995; Goodge, 1998; Meldrum and Atkinson, 1998).

**(ii) *Local Strategic alliance or partnership***

Management development institutions are challenged to increase and strengthen their partnership with their stakeholders. It must be appreciated that MDIs have a special public role to play to create contents in which learning dialogue and development of new knowledge can take place (Mavin and Bryans, 2000). MDIs are uniquely placed to play a role which encourages individuals and their organisations to critically challenging their ways of working and thinking. As Coffield and Williamson (1997) point out, MDIs can make the space in our complex society where new thoughts can be thought and existing wisdom can be challenged.

Clearly, all this requires strong partnerships between MDIs and other organisations (both public and private). Such partnerships have benefits for both parties. New knowledge is generated through professional and commercial practices and if MDIs are to retain their credibility as research institutions, they have to be part of this. They benefit from the knowledge, ideas and practices of the workplace. In return, MDIs can help the partner organisations to know what it is they already know and learn new ways of doing and being. They can help organisations to see the sub-conscious ways in which they block learning and development. These partnerships are learning partnerships; the fact is that both parties have something to learn and therefore, something to gain is a central and explicit aspect of the relationship.

One of the keys of getting relationships and opportunities right is to ensure an exchange of people between educational institutions and the world of practice. At one level this happens naturally with the passage of practitioners through programmes. But there is something else. Ideally, there should be a mix between professional educators and practitioners among management education staff. Secondments, exchanges, short-term attachments and the like are ways of ensuring the exchange collaboration. Many management institutions are however inhibited in developing this partnership because of their inability to attract and retain competent professionals, who can carry out credible interventions in enterprises, as well as work in classrooms. Those who do intervene successfully are frequently enticed into the enterprises as full time managers, where they enjoy better pay or better career prospects. MDIs therefore face the challenge of being able to recruit and retain a core of senior staff who can develop and supervise new programmes, and within

whom resides the knowledge and experience of the institutions. For this to happen, the institutions must be able to offer these people attractive terms of employment, competitive with what they could expect elsewhere within their local environment for their knowledge and skills.

**(iii) *Strategic Capacity***

Another challenge MDIs are confronted with is the need to have a capacity for thinking beyond themselves and the immediate issues which they are handling. There is need for an understanding of the changes taking place in the environment, the ways in which these changes will impact and the related changes they will demand of people and organisations. Clarke (1998) best describes it as "strategic capacity," enabling organisations to build and shape directions, to create a vision for the domains in which they are operating, and to foster the achievement of that vision and direction through all means at their disposal. To foster it there is need to convey an understanding of the international, national, regional and local environment and the ways in which pressures for change can be mediated and shaped. The issue of strategic capacity is discussed in more detail in chapter 5 below.

**(iv) *Research Initiative***

Despite the importance of research, not all MDIs in Africa are actively involved in research activities. MDIs must appreciate that research is a critical component in the development agenda of any nation for it generates information which can be used to influence policies and programmes. MDIs therefore are challenged to ensure that research is a major item of their curriculum menu. Their research programmes should address the major development experience or propose solutions to existing management problems. Research activity in management development institutions in developing countries is often seen to lack relevance to operating problems (Powell, 1991). This makes it difficult to obtain the cooperation and interest of enterprise managers. Furthermore, those who are engaged in management education programmes need a research capability – partly to enable them read and learn from research, to adopt a critical faculty with regard to research methods and to be

capable of carrying out or commissioning research within or relevant to their own organisations.

## **Conclusion**

To a large extent, the environment presents tremendous opportunities to MDIs. However, to realise these opportunities, the kinds of problems and challenges addressed here have to be met. The various stakeholders right from governments, management communities, the managers of MDIs and participants on the programmes offered have a role to play in tapping the opportunities. This is an important moment to be taking stock of the changing world. Every management development institute must therefore of necessity review how it measures up and then looking at what comes next. Uganda Management Institute must be a party to this quest.

## **CHAPTER FOUR**

### **AN ANALYSIS OF UMI'S ROLE IN UGANDA'S MANAGEMENT DEVELOPMENT ENVIRONMENT**

#### **Introduction**

One of the prerequisites for organisational success is the need to scan the environment under which it exists. This is necessary because organizations do not exist in a vacuum but within a particular environment. Managers in both small and large organisations are increasingly using environmental scanning to anticipate and interpret changes in their environment. In fact, one study found that organizations with advanced environmental scanning systems had higher profits and revenue growth (Robbins and Coulter, 2000). Similarly, UMI has to study and analyse Uganda's management development environment so as to define better its role and responsibility in the promotion and growth of management development in Uganda. According to Sandra Dawson (1996), the environment is inevitably an arbitrary concept in that it embraces everything "outside" any particular organisation that is being focused upon. It is composed of a large variety of individuals, groups and organisations who are regarded "collectively" simply because they share a linkage with whatever "focal" organisation is the object of interest. Uganda Management Institute like any other organisation working towards success needs to know its environment in order to recognise and take advantage of the opportunities it offers, recognize the constraints it imposes and seek to turn the constraints into opportunities. This is so because inevitably the environment is rich in both opportunities and constraints, their definition depending upon position and interest. UMI must seize the opportunities offered by the trends in Uganda's management development and needs and face the market challenges by responding innovatively and with foresight to the ceaselessly changing demands/expectations of its customers. This chapter provides a preliminary look at the market environment while the more general aspects of the environment will be dealt with in greater detail in Learning Goals 3 and 4.

## Political and economic trends and how UMI is affected

Over the past decade the government of Uganda has reversed earlier policy and management failures that were so destructive of the economy and investment climate. Economic fundamentals have been restored, the exiled business community has been invited back and State commercial misadventures are being corrected through privatization. According to the World Bank, IMF and UNCTAD (2000), the results are evident: income per capita is stable in real terms, inflation is down from three digits in the late 1980s to less than 6 percent for the last five years. Overall as indicated in Table 4.1 below, these achievements have helped to restore investor and donor confidence, and have established Uganda as a county of relative stability in the region.

**Table 4.1: Indicators of Macroeconomic performance, 1999 - 2003**

Key Indicators	1999	2000	2001	2002	2003
Real GDP Growth (%)	6.7	4.8	6.4	5.4	5.9
GNP per capita (US\$)	244	232	239	230	238
Inflation (%)	5.1	3.8	5.2	1.8	4.8
Imports (million US\$)	994.2	958.5	1,006.6	1073.7	1375
Exports (million US\$)	478.7	401.6	451.7	467.6	534.1

**Source:** *Uganda Bureau of Statistics and Uganda Ministry of Finance, Planning and Economic Development*

Uganda is one of the fastest growing economies in Africa, averaging an annual rate of growth of 6.5 per cent in the 1990s (UNCTAD, 2000). Domestic Investment and foreign direct investment (FDI) into Uganda have increased rapidly. Much of this investment and growth has been driven by the imperative to erase an earlier decade of self-destruction, and the economy has only now begun to recover to the levels of production that existed prior to the turbulent 1970s and early 1980s (UNCTAD, 2000). As the recovery runs its course, the sources of economic growth will need to shift from rehabilitation to expansion. Obviously such an economic trend imparts a lot of pressure on the need for management efficiency and effectiveness to ensure a continuous and sustainable economic development. And therefore institutions providing management skills are expected to play an equally efficient

and effective role. This is because the training of managers and supervisors in significant numbers is required to meet the challenges of an expanding economy. This is fundamental because management is regarded as the enabling resource which harnesses and deploys other resources to improve productivity and achieve desired objectives.

Scanning Uganda's general training and capacity development environment, one gets the impression that the demand for management skills development far exceeds available supply (Ayeni and Kiggundu, 1996). This impression is supported by a number of recent government and public policy initiatives including: -

- Poverty Eradication Action Plan (PEAP)
- Implementation of a programme of structural adjustment which include public sector and civil service reforms;
- Twenty continuous years of relative political stability, constitution making and democratic development;
- Decentralization leading to the creation of more autonomous local authorities;
- Privatization and private sector development;
- Donor support especially in the areas associated with economic management reforms and capacity development in the public and third sectors;
- Emergence of an active and growing indigenous voluntary sector supported by the government and the donor community;
- Continuous expansion of the informal sector and its importance to the national economy; and
- A growing economy characterized by more open and competitive markets.

As observed by Syson Namaganda (1999), Uganda, currently under the National Resistance Movement (NRM) Government is experiencing major changes in the political, economic and administrative arenas which have resulted in the rehabilitation and reconstruction of the country. This new environment highlights a vital but changed role for government in building indigenous capacity through a well-trained labour-force. The demands for these reforms require that the managerial and technical capacity of the institutions and organisations involved be enhanced. And obviously this has a direct bearing on UMI and other management development institutions. With the resurgence of economic activities in Uganda necessitating the need for trained managerial power, UMI like other major supply institutions, is under pressure to respond to the needs of the productive sector.



The UNDP has underscored the need to promote entrepreneurship in Uganda. In all economies, the ultimate force behind rapid growth, transformation and employment creation is entrepreneurship. Even when appropriate physical infrastructures are in place, a pool of people with strong entrepreneurial drive is critical for breaking the new grounds and expanding existing activities. It is therefore of utmost importance for Uganda that entrepreneurial development becomes a key component of its human resource and economic development programme (UNDP, 2000). Inevitably, management development institutions such as UMI should reflect on this need as they consider their future programmes and development.

### **Market Sectors**

There are several market segments in the Uganda economic environment with various management development needs to which UMI can respond. Such segments include the public, private, NGOs and informal sectors. Their needs are discussed in the sections that follow:

#### ***The Uganda Public Service***

One of the major problems in the Uganda Public Service identified by the Public Service Review and Re-organisation Commission (PSRRC) of 1989–90 was the lack of managerial, supervisory and technical skills. According to the PSRRC report, the standard or quality of management, as distinct from administration is very low in Public Service and this deficiency constitutes one of the most serious obstacles to the achievement of modern methods of management (PSRRC report 1990). Yet new era public service is required to have officers who are capable of diagnosing problems, presenting solutions, formulating policies and programmes, and be able to manage change and guide needed actions.

The ineffectiveness of the public service can therefore undermine almost all development efforts as well as basic public administrations. Weaknesses in central functions are particularly damaging since they can affect all government activity and the economy as a whole (Ministry of Public Service 1994). According to the 2006 NRM manifesto, the government is aware that the quality of its achievements is largely determined by the input of the civil service. For this reason, the NRM government pledged to pay special attention to: developing an efficient, well trained and motivated service; promoting an entrepreneurial service that is sensitive to the needs of the private sector; and being

responsible and sensitive to the needs of the public in public service delivery (NRM Manifesto 2006).

As a result, a number of reforms have been introduced in the Uganda Public Service with the intention of making it efficient and effective and such reforms provide a potential market for training, research and consultancy which areas constitute UMI's core business.

The major components of the Public Service Reform Programme (PSRP) include the following:

- Management of reform
- Enhancing efficiency and effectiveness control systems
- Developing human resources
- Good governance and private sector development
- Time management and organisational discipline (Public Service 2002)

The decentralization policy launched in 1992 has implications for capacity building at the local government levels. As observed by Syson Namaganda (1999), one of the problems facing the decentralization process in Uganda is the insufficiency of manpower at the district level to take on the responsibilities of and to perform functions formerly undertaken by the central government. The major goal of the government decentralization policy is that developmental decisions are taken as close as possible to the beneficiaries to create a basis for the emergence of good transparent and participatory local governance. The ILO/UNDP Employment Advisory Mission (1995) observed that administrative capacity in the districts was so low necessitating improvements in physical infrastructure, reorganisation and training. The training needs of the district staff are enormous and signal the need for accelerated and well tailored managerial skills development in areas akin to private sector corporate management. With the recent creation of more districts, the need to improve their respective capacities still prevails.

Furthermore, the number of local governments in Uganda is increasingly broadening. Currently there are 71 districts with six types of local government: District Councils (71), Sub-County Councils (900), City Division (5), Municipal Councils (13), Municipal Division Councils (33) and Town Councils (72). Local governments are bodies corporate and have powers to make and implement development plans based on local priorities; to make ,

approve and execute their own budgets, to raise and utilize resources according to their own priorities; to appoint statutory committees; to make ordinances and bye-laws; to hire, manage and fire personnel; to manage their own payroll and separate personnel systems; and to implement a broad range of decentralized services listed in Schedule 2 of the Local Government Act, 1997. In order to transact all these functions efficiently, those carrying them out must be equipped with adequate skills and such a necessity therefore, provides a potential market which can not be ignored by the training institutions such as UMI.

### ***Needs of the Private Sector***

The ongoing policy of privatization and repossession of business enterprises by former de jure owners together with government's policy to attract foreign investors is increasingly exerting pressure on the existing indigenous enterprises with limited managerial capacity. For the private sector to take advantage of the government initiatives and the incentives provided, the private sector enterprises would need to overcome a host of obstacles and challenges. As observed by the ILO/UNDP Employment Advisory Mission (1995), Uganda enterprises face low levels of technology and poor technical skills leading to production of poor quality output which cannot compete with imported goods in a liberalized regime. Access to credit and cost of capital, weak managerial capacity and access to market information are some areas in need of improvement. Given these constraints, there is tremendous pressure on the private sector to improve the efficiency of production through technological upgrading and management development.

### ***Non-Governmental Organisations (NGOs)***

The changes brought about by the recent developments in Uganda's political, economic, administrative and social spheres have given rise to numerous voluntary organisations both local and international. An example is the Development Network of Indigenous Voluntary Associations (DENIVA) which has a membership of over 400 non-governmental organisations (Ayeni and Kiggundu 1996). The growing size and sophistication of the voluntary sector provides another potential demand on management training institutions to be able to contribute towards sound management practices in the NGO sector.

NGOs provide useful services which would otherwise not have been provided by the government institutions nor by the private sector. In the provision of such services, NGOs exhibit certain characteristics which provide the basis for a potential comparative advantage with respect to private providers, including their proximity to local issues and beneficiaries, low labour costs and greater social commitment. While NGOs present many strengths, they also exhibit considerable weaknesses. Some NGOs exhibit a wide range of abilities, utilizing resources with remarkable efficiency and effectiveness, others fail and on most counts. Further, most NGOs projects collapse once external funding is withdrawn.

With the high rate of unemployment and the inability of the public sector to create more jobs, some NGOs have ventured into enterprise creation (micro and small-scale units) and self-employment promotion activities. Such activities usually include training, provision of inputs credit etc. Building Organisational capacity will increase NGOs institutional management capacity enabling them to absorb and utilize resources more efficiently and effectively. The need for institutional management in areas such as planning, project management and controlling is very crucial. Once NGOs own capacity has been strengthened, the role of NGOs will shift from implementing projects to that of building capacity of Community Based Organisation (CBO). In this new role, NGOs would serve as a conduit for inputs, build up community management and technical capacity of CBOs.

### ***The Informal Sector***

It is now firmly believed that the informal sector in the developing countries plays and will continue to play a major role in the economic development of those countries. As Haan (2001) noted, the most striking conclusion of a closer look at the provision of vocational training and other services for those who are now and will be in the immediate future engaged in the informal sector, is the realization that the informal sector is here to stay. Rather than a transitory phenomenon, as has been conceived and treated by governments and even many practitioners of MSE development, it has become clear that for the foreseeable future MSEs will remain the *piece de resistance*, in the truest sense of the word, of the economies in the developing countries. Haan (2001) further states that the informal sector has been expanding explosively in all countries since the beginning of the 1970s, which expansion has received an extraordinary impetus in the wake of economic reforms in

the past decade. In Uganda, for instance, the sector is estimated to grow in terms of employment at the rate of 20 per cent per year. In 1993, it was estimated that the informal sector labour force in urban areas in Uganda constituted 84 per cent of the total employed urban labour force (World Labour Report, 2000).

In this situation, the informal sector is called upon as the employer of the last resort by two major groups. First, those affected by the structural adjustment programmes. This group includes, on the one hand, those who have become unemployed as a result of massive layoffs of employees in the formal public and private sector; and secondly, those persons who are forced by the steep decline in purchasing power of the incomes, to search for work – in addition to other duties. A detailed discussion on the impact of the structural adjustment programmes (SAPs) is covered under the Third Learning Goal.

By and large the informal sector which is notoriously heterogeneous, often disorganized and lacks managerial and entrepreneurial skills (Fluitman, 2000). It therefore becomes an excellent target for training institutions such as UMI as an area of intervention, using training as an instrument to transfer knowledge, skills and attitudes, by focusing on:-

- areas in the informal sector that have the potential for sustainable growth;
- the real needs and problems of the target groups; and
- the possibility of integrating training with other interventions (PS van Dyk et.al 2001).

### **Nature of needed management Skills**

It goes without saying that management development, training and education is vital to sustain Uganda's economic recovery programme (ERP), the professionalisation of the public service, and the growth and development of all sectors (ILO/UNDP, 1995). The need exists to strengthen managerial capacity and management development in all sectors and at all levels with a consequent need to enhance both physical and human resources of the institutions which are concerned with management development. Present day managers need continuous "retooling" and future managers need to be adequately prepared to face the challenges.

In order to tackle the changes that are continuously happening in organisations, managers need special managerial skills and approaches. Gregory Prastacos et al. (2002) observed that faced with the phenomenal pace of change, modern businesses have to abandon many of the principles that have guided generations of managers, and develop a new set of objectives and rules that will enable them to successfully, manage change and guide them to transform into 21<sup>st</sup> century corporations. Prastacos and his colleagues further rightly note that firms nowadays are called upon to abandon the emphasis on lowering costs, rigid organisational structures and “command and control” management styles. Instead they are urged to direct their attention to value creation for the customer, to innovation and flexibility. The needed managerial skills must recognize the fact that today’s business climate is increasingly characterized by rapid change and fierce competition. Organisations must adapt to this new environment if they are to survive and prosper (ACAS, 1997).

Abrahamson and Halset (1992) have given a brief enumeration, agreed to by many management scholars and practitioners, of the main characteristics of an effective organisation that is a productive organisation with high morale, which make a meaningful contribution to the economic and social development of the nation. These characteristics are outlined in Box 4.1:

#### **Box 4.1: Characteristics of an effective organisation**

- The organisation is flexible, high performing and self-renewing of creative adoption to a changing environment;
- The total organisation, its units and individual managers manage work against goals and plans;
- Clear organisation goals exist to which people are committed;
- Built-in mechanisms exist for self-assessment and feedback on performance;
- Open communication and a high level of trust prevail along with problem –solving climate;
- Organisation structure and systems are closely related to organisation purpose functions and environment;
- Decision making on routine and operational matters is delegated far down in the organisation;
- Managers and supervisors are rewarded for:
  - short-term profits and production
  - growth and development profits and production
  - building an effective team;
- Collaboration and team work are emphasized and inappropriate competition is discouraged;
- There is integration of organisation objectives with individual goals and a high level of self-direction and self-control by employees.

***Source: Abrahamson & Halset (1992)***

The Box above is a good checklist on what a manager must do to make the organisation effective. Likewise it provides a self-searching guide on the nature of skills needed for an efficient and effective manager. In fact the checklist is not very different from the high performance paradigm of Godard (2004) which has come to be promoted as “best practice” for employers on the grounds that the practices associated with it yield performance levels above those associated with more traditional workplace and employment relations practices. Similarly, Sung and Ashton (2005) in collaboration with the Chartered Institute for Personnel Development (CIPD) and the Department of Trade and Industry (DTI – UK) introduced the High Performance Work Practices (HPWPs). A widely accepted definition of HPWPs is that they are a set of complementary work practices covering three broad areas:

1. High employee involvement practices e.g. self-directed teams, quality circles and sharing/access to company information.
2. Human resource practices e.g. sophisticated recruitment processes, performance appraisals, work redesign and mentoring.
3. Reward and commitment practices e.g. various financial rewards, family friendly policies, job rotation and flexible hours.

Obviously, not all managers and administrators in Uganda organisations have the above skills and knowledge. But of course, in order to manage effectively and efficiently such skills and knowledge must be acquired. This therefore brings an opportunity to UMI to penetrate the market, identify the managerial skills gaps and thereafter offer programmes that will meet the above “productive organisation characteristics”.

According to the Uganda Investment Authority (UIA) and the training needs conducted by the Uganda Manufacturing Authority (UMA) and the Uganda Association for Small Scale Industries (UASSI) the need exists for technical and managerial skills development (ILO/UNDP, 1995). The ILO/SLAREA (2001) also established similar managerial gaps among managers in Uganda enterprises. Specific areas in need included: entrepreneurial development, Strategic planning, technical transfer, marketing, managerial accounting and financial management, maintenance and quality control supervision and personnel management, negotiation skills, etc. Untailored (and often mistargetted) training programmes might have been popular during public sector led regime but will certainly not



attract private sector enterprises as training must lead to performance improvements and produce results.

Since early 1990s, the mandates of the total quality management (TQM) and results oriented management (ROM) movement have added several new responsibilities to managers. Issues like "performance measurement" (Bouckaert, 1993 Armstrong, 2001), "Customer focus" (Crosby, 1979 Heller, 2002), "quality control" (Deming, 1985), and continuous improvement (Juvan 1979) have changed the skill-base requirements for those occupying middle management positions. Statistical measurement techniques, and business process improvement procedures are now needed at the middle manager level.

Similarly, downsizing in a number of organisations has also brought new challenges to the middle management position. Fewer in number (Floyd and Woodbridge, 1994), middle managers have been given wider spans of control, resulting in a dispersion of their focus and dilution of their ability to respond to complexities and dynamics of today's organisational environment (Prisonnealut and Kraemer, 1993). In short, middle managers have become less personally productive, requiring them to do more through others. To cover this lost productivity, middle managers have asked for more creativity, innovation, and productivity from their team members (Skagen, 1992) and have taken more leadership demands upon themselves (Flody and Woodridge, 1994). New skills are again called for, including the ability to lead change through team building, systems thinking, and organisational visioning.

Regarding the public service, the 1990s have seen a wide-ranging culture changes throughout the public sector, introducing a business focus and customer-led approach. As a result of the on-going reforms, the public sector in Uganda seems to be on a new course. Quality of service and efficiency, coupled with strict financial controls, require organisations to ensure that their staff have the skills to manage the changing environment and achieve new goals. The sharper business focus within the public sectors has brought a recognition that organisations must invest in training and development in their greatest asset – their staff (Finn, 1997).

With so many changes occurring in public sector, the need for excellence in management has never been greater. So how can these organisations secure staff commitment and develop the skills they need (Kent, 1998)? One way of developing management skills and changing culture in the public sector is by developing employees and introducing them to a

learning environment. This requirement was well expressed by Hon. M Kagonyera (then Minister in Prime Minister's Office) when he officiated as the Chief Guest at UMI's graduation ceremony on 7 July 2000. He said:

*"The government expects UMI to play a key role in empowering public servants by imparting on them the managerial and administrative capacity and skills to deliver high quality services to the people. Through your various training activities we expect you to enable managers, professionals and other employees to utilize information technology to make government services more efficient, faster, accessible and reliable. Through management training, research and consultancy activities, UMI should contribute to the enhancement of the competitive capacity of the private sector in a globalised environment"*

[*UMI files*]

As stated in the DFID project memorandum on "Institutional Development Support to the Uganda Management Institute" (1996), the strengthening of the management profession will be an important factor in achieving sustainable economic development in Uganda. Within the new public service the need for senior staff in central government with the capacity for strategic thinking and a range of key management skills is becoming essential as the ministerial rationalisation programme and the decentralisation policies begin to take effect. At the middle management and supervisory levels new skills are required, and many staff will need to be retrained or retooled if the public service is to operate efficiently and effectively in future. Within the NGO and private sectors and the newly divested parastatals there is also demand for high quality managers who must therefore be well trained.

### **Programmes/Courses offered by UMI**

As discussed in the first chapter, UMI's major objective is to be the **pre-eminent provider** of demand driven applied management training, consultancy and research. The specific training objectives are:

- to continuously review all short training programmes taking account of market signals and demand;
- to sustain the development and delivery of quality, flexible, modular, applied and integrated formal post-experience programmes;
- to extend access to formal training programmes to practicing employees in the public service, private sector organizations, NGOs and local governments through part-time modes of study and tailor-made programmes;

- to provide flexible management training outreach programmes in order to address the interests of upcountry participants;
- to provide programmes leading to professional qualifications in Management, Accountancy, Human Resource Management, Public Administration, Project Planning and Management and other management related fields;
- to continuously develop and implement rigorous quality control procedures in all the services offered. (see UMI's Prospectus 2006/2007).

As a result of the institutional changes effected since 1992 to give UMI an agency Status as a new instrument for enhancing Uganda's management capacity, and in line with the above outlined training objectives, the Institute broadened its training programmes to encompass the broader aspects of management. To perform its new role, UMI now offers a blend of short and long courses. The Institute organizes short courses ranging in length from one week to 3 months as well as long course portfolio of Diploma and Masters degree courses as outlined in the Boxes 4.2 to 4.5 below:

#### **Masters Degree Programmes:**

- Masters in Management Studies (MMS)

#### **Box 4.2: Postgraduate Diplomas**

- Postgraduate Diploma in Public Administration and Management
- Postgraduate Diploma in Management
- Postgraduate Diploma in Human Resource Management
- Postgraduate Diploma in Financial Management
- Postgraduate Diploma in Project Planning and Management
- Postgraduate Diploma in Urban Governance and Management
- Postgraduate Diploma in Procurement and Supply Chain Management

**Box 4.3: Ordinary Diplomas**

- Diploma in Information and Communications Technology
- Finance Officers Diploma
- Diploma in Records and Information Management
- Diploma in Procurement and Contract Management
- Diploma in Advanced Marketing

**Box 4.4: Certificate Programmes**

- Certificate for Accounting Technicians
- Certificate in Management
- Certificate in Project Planning and Management
- Certificate in Records and Information Management
- Certificate in Strategic Public Relations
- Certificate in Information Technology
- Certificate in Human Resource Management

#### **Box 4.5: Short courses**

- Strategic Planning and Management Skills
  - Total Quality Management and Customer Care
  - Strategic Leadership Skills for Managers of Educational Institutions
  - Project Planning and Management
  - Project Proposal Writing and Resource Mobilisation
  - Planning and Management of Community Development Projects
  - Project Monitoring and Evaluation
  - Results Oriented Management
  - Management Development Programme for Managers
  - Human Resource Management in a Changing Environment
  - Strategic Human Resource Management
  - Training of Trainers
  - Labour Laws and Industrial Relations
  - Human Resource Management for Head Teacher of Post Primary Schools
  - Budgetary Management and Expenditure Control
  - Financial Management and Accounting for Non-Financial Managers
  - Stores Management and Materials Control
  - Financial Management and Accounting for Non-Financial Managers
- Stores Management and Materials Control
  - Managing the College Budget

### **Short Courses Cont'd**

- Relationships between Councillors and Civil Servants in the authorities
- Performance Improvement Techniques for Districts and Urban Local Governments
- Communication Skills for District and Urban Councils
- Basic Records Management
- Advanced Records Management
- Strategic Public Relations
- The Effective Secretary
- Reception and Communication
- Communication Skills for Secretaries
- Performance Improvement Workshop
- Intermediate Computing for Secretaries
- Introduction to Computer Applications
- Advanced word-processing and Desktop Publishing
- Spreadsheets and Modeling
- Database Management Systems
- Introduction to Information Systems
- Systems Administration/Electronic Communication
- Project Planning and Management using MS project software
- Computer Networking and LAN Systems Administration
- Desktop Publishing
- Presentation skills with PowerPoint/Flash

As part of UMI's efforts to adapt, and respond to the changing needs in Uganda management environment a review of its course contents was undertaken in 1998. Similarly, the delivery processes were reviewed to ensure that they meet the needs of its stakeholders. These exercises were undertaken with the help of Glasgow Caledonia University (GCU) through the DFID Institutional Development Support Project 1995-1998. In addition the Institute made the delivery of its training programmes more flexible by modularising both its short and long courses and introducing part-time modes of study in September 1998 (UMI Prospectus 2000/2001). It was believed that by restructuring and modularizing the courses a number of benefits would accrue in addition to the following:

- efficient use of classroom space and other resources;
- efficient use of teaching staff time;
- meeting the needs of UMI's clients;
- increased revenue;
- increased number of participants; and
- better delivery methods (practical and participative) [*UMI Files*].

Further to the above, UMI also introduced a Masters programme in Management Studies (MMS) which started in September 1999. This was part of the restructuring and modularising the postgraduate diploma courses because the structure and curricular of the Masters degree courses are integrated in the postgraduate diploma courses. All the teaching and coursework is done at postgraduate diploma level and those who pass the examination with acceptable scores and who wish to continue to study for Masters degrees are admitted to do Masters' research. The work-based research and study programme leading to a Masters degree in Management Studies is designed for people with working experience in the public, private and NGO sectors.

The MMS programme is designed to enable participants to:

- gather, select, organize, analyse, and evaluate data and information;
- use theoretical and conceptual management knowledge to support analysis and argument towards a set of specific recommendations
- organize researched information into a meaningful report and present it orally to peers
- practice and demonstrate management consultancy skills;
- practice and demonstrate organizational and problem analysis and solving skills, as well as strategic and action planning skills; and
- prepare themselves for the challenging responsibilities of policy analysis, formulation, implementation and monitoring and evaluation.

With regard to the employing organization, the MMS programme is intended to enable the organizations to:

- benefit from the pool of management knowledge, research and consultancy skills at the Uganda Management Institute to analyse their problems and identify practical solutions for performance improvement;
- link the training of their employees to the in-house situation, thereby making training directly relevant to organizational performances; and
- have their employees develop intra-organisational analysis and consultancy skills that are invaluable for internal consultancy/problem solving, organizational development and performance improvement. [*UMI, MMS Handbook*].

Since the Masters degree research is applied and work-based, each participant doing the research is assigned to two supervisors - one from UMI and another one at the workplace where the research is done. These meet from time to time with the participant to assess the progress of the research and guide the participant. It is important to note that this kind of research is geared towards improving the productivity and performance of organizations, systems, skills, knowledge, and attitudes at workplaces of participants. It also helps the Institute to remain in direct contact with its clients and to understand the Ugandan work environment, its problems and areas that require improvement.



## **Participants' Enrolments**

Available records indicate that for a long time, the number of participants on long courses had been more or less constant. However, since 1998, the trend of enrolments for long courses is on the rise and the effect has been overwhelming. This is mainly attributed to the Institute's initiative of introducing the provision of modularized and part-time modes of study and the introduction of other programmes, which were not previously offered. The evening and week-end programmes were also introduced to increase the accessibility of private sector and NGOs who have less time off their jobs. It should also be remembered that before 1992 the then Institute of Public Administration (IPA) was almost entirely providing in-service training to government employees.

The figures in the tables below show the trend of enrolments on UMI's long courses between 1996 and 2005.

**Table 4.2: Number of participants on long courses:**

<b>Postgraduate Diplomas</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>TOTAL</b>
Public Administration and Management	39	17	42	45	49	34	39	102	171	131	<b>669</b>
Human Resource Management	42	18	32	32	113	111	151	148	164	136	<b>947</b>
Management	25	09	108	105	93	89	100	91	68	58	<b>746</b>
Financial Management	-	-	-	56	50	79	76	71	82	94	<b>508</b>
Project Planning and Management	-	-	-	-	31	56	88	48	105	144	<b>472</b>
Journalism and Media Management	-	-	11	28	09	-	-	-	-	-	<b>-</b>
Procurement & Supply Chain Management	-	-	-	-	-	-	-	-	-	56	<b>56</b>
Urban Governmance & Management	-	-	-	-	-	-	-	-	24	18	<b>42</b>
<b>Total</b>	<b>106</b>	<b>44</b>	<b>193</b>	<b>226</b>	<b>347</b>	<b>369</b>	<b>454</b>	<b>460</b>	<b>533</b>	<b>637</b>	<b>3440</b>

<b>Masters in Management Studies (MSS) (Degree options)</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Total</b>
Human Resource Management	26	11	21	26	25	42	29	180
Management	29	26	24	27	20	34	33	193
Public Administration and Management	32	10	19	22	10	28	26	147
Financial Management	-	-	10	12	15	18	18	73
Project Planning	-	-	-	-	10	22	19	51
<b>Total</b>	<b>87</b>	<b>47</b>	<b>74</b>	<b>87</b>	<b>80</b>	<b>144</b>	<b>125</b>	<b>644</b>

***Source: UMI Files***

The data in Table 4.2 reveals that before the introduction of evening programmes in 1998, UMI postgraduate diploma courses were attracting miserable numbers of students. For example in 1996 there were 106 students on the then three programmes (Public Administration, Human Resource Management and Management) which reduced to an unprecedented number of 44 students in 1997. However, with the introduction of the evening programmes, the annual enrollment total figures rose from 193 in 1998 to 637 in 2005 reflecting an increase of 330 per cent in a period of six years. This suggests that evening programmes are more flexible to the working employees who find it difficult to be released by their employers to attend full-time courses. In fact UMI's financial position would have been severely constrained had the innovative policy decision of starting evening programmes not been taken. This further raises a strategic question whether UMI should not consider coming up with more other flexible modes of delivering its programmes to make them more accessible to those who can not leave their workplaces but at the same time need to obtain qualifications that are relevant to labour market demands. This question will further be pursued in Learning Goal No.5.

Similarly, the recently introduced Masters degree programme is increasingly attracting more participants. For example over 190 eligible applications were received for the 2005/2006 academic year intake although only 125 were registered. This trend however suggests that sustainability and delivery of the Institute's programmes could be an issue that requires serious attention if the Institute is to sustain the increases in the training activity levels. One question that accompanies the upturn in the enrolment on UMI modularized courses is that given the increasing business, does the Institute have the capacity to offer and sustain these programmes?

Likewise, the enrolment on the short courses has generally been on the increase as indicated in the Table 4.3 below:

**Table 4.3: Number of Participants on short courses 1996 – 2005**

<b>Year</b>	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Total</b>	<b>2257</b>	<b>2471</b>	<b>1707</b>	<b>2525</b>	<b>1737</b>	<b>1889</b>	<b>1939</b>	<b>1488</b>	<b>2425</b>	<b>2309</b>

*Source: UMI Files*

The above table indicates the number of participants who attended short courses between January 1996 and June 2005. As can be observed from the figures, the years 1996, 1997 and 1999 there were more participants than the latter years i.e. 2257, 2471 and 2525 participants respectively. This was largely due to the Public Service Reform Training Programme (PSRTP) funded by DFID when UMI was selected as the main training center to train public servants in various management disciplines which were relevant to the Public Service Reform Programme (PSRP). The declining and unstable numbers of participants on the short courses from 2000 to 2003 is partly explained by the introduction of the modularized programmes which allow other participants to attend relevant modules as and when they are conducted for the diploma registered students. The rise in the 2004 and 2005 figures was due to the "Basic Principles of Decentralisation" course which was conducted by UMI in collaboration with Makerere University. The course attracted participants from the various districts of Uganda and employees from universities and tertiary institutions in the country. On the other hand however, the declining figures on the short courses seem to point to possible strategic challenges for UMI. There is need for UMI to double its efforts in marketing itself and its services. It may also be necessary for UMI to review the contents of the short courses with a view of ascertaining their relevance in the changing demands of the consumers. The review must be made in collaboration with UMI's stakeholders e.g. the students, alumni, employers and employees to ensure the relevance of the programmes. While reviewing the programmes delivered by UMI it would also be useful to know the sectors from which students originate. Such information can be used to identify the sector which needs most a particular programme so as to facilitate the marketing effort and the curricula orientation.

TABLE 4.4: UMI POSTGRADUATE DIPLOMA /STUDENTS BY SECTORS 1998-2003									
SECTOR	YEAR	DPAM	DHRM	DIMA	DPPM	DFM	DJMM	MMS	TOTALS
<b>PRIVATE</b>									
	1998	5	12	68	0	0	7	0	92
	1999	6	9	44	0	21	14	12	106
	2000	8	76	84	31	39	9	15	262
	2001	5	53	47	27	39	0	17	188
	2002	9	86	45	53	38	0	27	258
	2003	24	83	44	21	40	0	25	237
<b>Sub-Total</b>		<b>57</b>	<b>319</b>	<b>332</b>	<b>132</b>	<b>177</b>	<b>30</b>	<b>96</b>	<b>1143</b>
<b>LOCAL GOVT</b>									
	1998	30	2	2	0	0	1	0	35
	1999	31	6	6	0	1	3	46	93
	2000	35	16	2	0	3	0	7	63
	2001	25	12	1	5	8	0	18	69
	2002	26	21	1	5	11	0	19	83
	2003	47	20	2	6	5	0	15	95
<b>Sub-Total</b>		<b>194</b>	<b>77</b>	<b>14</b>	<b>16</b>	<b>28</b>	<b>4</b>	<b>105</b>	<b>438</b>
<b>GOVT</b>									
	1998	5	14	34	0	0	2	0	55
	1999	7	17	43	0	31	10	18	126
	2000	6	13	7	2	5	0	22	55
	2001	4	42	35	20	29	0	36	166
	2002	17	43	50	20	27	0	40	197
	2003	27	41	44	14	25	0	25	176
<b>Sub-Total</b>		<b>66</b>	<b>170</b>	<b>213</b>	<b>56</b>	<b>117</b>	<b>12</b>	<b>141</b>	<b>775</b>
<b>NGO</b>									
	1998	2	4	4	0	0	1	0	11
	1999	1	0	12	0	3	1	11	28
	2000	0	5	3	2	3	0	3	16
	2001	0	6	8	7	3	0	3	27
	2002	0	1	4	10	0	0	1	16
	2003	4	4	1	7	1	0	15	32
<b>Sub-Total</b>		<b>7</b>	<b>20</b>	<b>32</b>	<b>26</b>	<b>10</b>	<b>2</b>	<b>33</b>	<b>130</b>
<b>Total</b>		<b>324</b>	<b>586</b>	<b>591</b>	<b>230</b>	<b>332</b>	<b>48</b>	<b>375</b>	<b>2486</b>

Source: UMI files

#### KEY

DPAM	=	Diploma in public Administration & Management
DHRM	=	Diploma in Human Resource Management
DIMA	=	Diploma in Management
DPPM	=	Diploma in Project Planning & Management
DFM	=	Diploma in Financial Management
MMS	=	Masters in Management Studies
DJMM	=	Diploma in Journalism and Media Management

As outlined in Table 4.4 the numbers of students who have attended the various postgraduate programmes at UMI between 1998 and 2003 from either the private, local government, central government or NGO sectors varied from programme to programme. For example, during that period (1998 – 2003 ) a total of 324 students attended the DPAM course; 194 (60%) came from local governments, 66 (20%) from central government, 57 (18%) from the private sector and only 7 (2%) originated from the NGOs. The data reveals that the DPAM is basically a course for government employees who are mainly in the administrative cadre. Since it is a requirement in government that for any administrative staff to be promoted he/she must have attended and passed the DPAM course, many of the students on this programme have come from the local and central government sectors. It is possible that the 57 students who came from the private sector and the 7 from NGOs attended the programme with the intention to transfer their service to the government sector. This therefore implies that while reviewing the contents of the DPAM course, UMI must work hand in hand with the government (central and local) to determine the best curriculum that will result into acquiring competences that are required of an administrative officer in government and similarly UMI's marketing effort for the DPAM course should mainly focus on the government sector.

With regard to the DHRM course, Table 4.4 shows that the course is almost universal to all sectors because the variance in numbers is minimal. While a total of 586 students attended the course between 1998 and 2003, of these 319 (54%) came from the private sector, 247 (42%) from government and 20 (3.4%) from the small NGO sector. Although the course appears universal to all sectors, the human resource management (HRM) approaches are slightly different in each sector. This therefore requires UMI to ensure that the needs of the students from the different sectors are catered for by developing course contents that are relevant to the respective sectors.

The DIMA course is similar to the DHRM in the sense that students as reflected in Table 4.4 tended to come from all sectors although a slight majority came from the private sector. The figures indicate that of the 591 students, 332 (56.2%) were from the private sector, 227 (38.4%) were government employees and 32 (5.4%) from the infant NGO sector. The curriculum for this course aims at enhancing managerial skills to middle managers and from the data in Table 4.4 it is apparent that all managers irrespective of the sectors need to develop such skills. The marketing of the programme should therefore put focus on all the

sectors while the course contents should attempt to address the needs of the respective sector.

The DPPM which UMI introduced in 2000 as indicated in Table 4.4 attracted 230 students between the years 2000 and 2003. Of the 230 students, 158 (69%) were from the private and NGO sectors while the remaining 72 (31%) came from both central and local governments. This is not surprising because most of the people who would wish to enhance their skills in project planning and management are largely from the small and medium enterprises (SMEs). The 31% of the students who came from government are likely to have had the intention of managing their own private projects while they are still in government service or after retirement. It is common to find medical personnel, businessmen and public servants attending this course. Therefore the marketing drive for this course need not be restricted to a particular sector because students are likely to attend the programme for personal reasons regardless of the sector they came from.

The postgraduate Diploma in Financial Management (DFM) like the DHRM appears to be attracting students from all sectors although with narrow variations. As Table 4.4 shows the DFM course which was introduced in 1999 attracted 332 students between 1999 and 2003. Of these 187 (56.3%) came from the private and NGO sectors while 145 (43.7%) originated from government. The figures underscore the importance organisations attach to financial management regardless of the sector in which they belong. This therefore implies that while UMI needs to attend to the specific financial management orientation of each sector when developing the curricula, the effort to market the DFM course should focus at all sectors because it is equally useful to all of them.

Table 4.4 further reveals that the MMS programme which started in 1999 attracted 375 students up to the year 2003. Of the 375 students, 246 (65.6%) came from government while 129 (34.4%) originated from the private and NGO sectors. This tends to suggest that the majority of students from the private and NGO sectors are contented with the qualifications obtained at the postgraduate diploma level while those in government aspire for higher qualifications in order to beat the competition for promotion which is now largely dependent on the paper qualifications one has. It is also worth noting that while UMI has passed out a total of 2486 students at postgraduate diploma level between 1999 and 2003, only 375 (15%) embarked on the MMS programme. The percentage of the students proceeding on the MMS course is very low and the causes need to be investigated. It is



possible that the programme is not competitive enough in terms of content, delivery and cost and a thorough diagnosis is a must if better numbers of students have to be attracted. The figures in Table 4.4 which have been discussed in the preceding paragraphs also portray a general view that while specific courses attract slightly more students from a particular sector, all sectors appear to be important sources of students coming to undertake UMI programmes. This therefore implies that none of the sectors should be completely ignored when UMI undertakes its market analysis although this should not prevent the Institute from having a specific niche in which it has a better comparative advantage.

## **Conclusion**

Uganda Management Institute is charged with the responsibility of providing sound management training and development interventions in order to promote development in Uganda. In performing the mandated functions, the Institute is expected to particularly contribute towards building a sustainable management capacity across all sectors in Uganda. The challenge for developing this much needed capacity is that UMI needs to have its own capacity to perform this new role. We therefore need to ask ourselves whether given the resources at the disposal of the Institute and the emerging opportunities created by the Uganda's economy and political systems, does UMI have the internal capacity to face these external challenges? The next Chapter will attempt to provide possible answers to this strategic challenge.

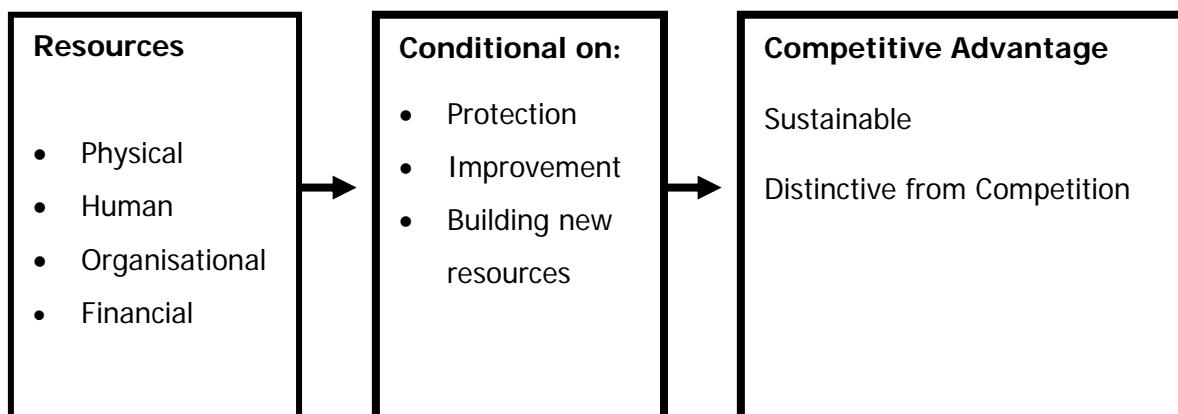
## CHAPTER FIVE

### CHALLENGES OF UGANDA MANAGEMENT INSTITUTE (UMI)

#### Introduction

Today's organizations have to face a turbulent environment where change seems the only constant. To meet this challenge, organizations are forced to: accelerate and make effective all activities, be flexible in response to change in the external environment, improve quality, reduce cost and fully use their intellectual capital. To succeed, the knowledge, skills, experience and perspectives of a wide range of people and systems must be integrated (Castkar P. et.al, 2001).

The objective of this chapter is to address issues relating to the current and required UMI's internal capacity so as to fulfill its mission of "excelling in developing sustainable management capacity". Mpango (1998) observed that capacity is a complex concept, which involves economic, political, technological, cultural and social factors. Capacity is interlinked in the sense that capacity deficits in one sector or area inevitably affect capacity in others. The discussion in this chapter therefore analyses UMI's current status and what capacity it must obtain in terms of the physical infrastructure, human capital organisational set up and the financial needs. This is considered necessary because unless UMI has a strong resource base, it might be difficult for the Institute to sustain itself amidst the current competitive environment. There is need therefore to analyse the means and ways UMI should embark upon to build and sustain its capacity. The discussion of strategy in this chapter will therefore be essentially concerned with the internal resource base of UMI and its adequacy to provide a competitive capacity which is both distinctive and sustainable. The analysis will be based on the following model:-



The ILO (1994) has defined capacity as “the capability to perform functions effectively, efficiently and on a continuing basis and with reduced dependence on external resources”. Similarly, Mpango (1998) has defined capacity to refer to the people, institutions, and practices that enable an organization to achieve its development goals. It is made up of human skills, institutional and organizational structures, and institutional procedures and systems. It includes policy formulation as well as policy implementation and evaluation. Effective capacity is the proven ability of organizations to achieve socio-economic goals of their own (World Bank, 1997).

It has been observed that when assessing individual organizations or development actors, the assessment should focus on the following: -

- Its ability to exist and operate as an organization
- Its ability to manage clients and beneficiaries
- The sustainability of its activities
- The relevance of its activities
- Its accountability to funders and beneficiaries
- The match or mismatch between the organization and its environment (ECDP, 1998)

Should it be found that UMI is currently experiencing some capacity gaps, appropriate steps must be taken to build that capacity. Accordingly, appropriate recommendations on how the Institute can improve on and sustain its capacity will be suggested. Deborah Eade (1998) expressed the view that there is probably no standard definition of capacity building. UNDP (1997) has however defined capacity development as the process by which individuals, groups, organizations and societies increase their abilities to: 1) perform core functions, solve problems, define and achieve objectives; and 2) understand and deal with their development needs in a broader context and in sustainable manner. According to the World Bank (1997) capacity building refers to investment in people, institutions and practices that will, together, enable countries in the region to achieve their development objectives. On the other hand however, Tandon (1997) has cautioned that formation of capacity is an evolutionary process of organizational learning. External interventions can only be facilitative. Against the above background, what capacity therefore does UMI need so as to succeed in developing sustainable management capacity of other institutions as part of its mission and objectives? And how can that capacity be built and sustained?

It is imperative to understand that the success of UMI in obtaining a competitive advantage will among others, depend on the understanding of their competitive environment as a key ingredient of a successful strategy. Grant (2002) views a strategy as the way in which a firm deploys its resources and capabilities within the business environment in order to achieve its goals. It is equally important that UMI examines and analyses its internal environment (from time to time) in terms of its resources and capabilities. This is because as Grant (2002) observed, strategy of an organisation is concerned with matching a firm's resources and capabilities to the opportunities that arise in the external environment. This therefore demands that UMI should continuously analyse its resources. And in the words of Grant (2002) resource analysis is not just about deploying existing resources. It is crucially concerned with filling resource gaps and building the Organization's base of resources and capabilities for the future.

A resource has been defined as anything which could be thought of as a strength or weakness of a given firm (Wernerfelt, 1984) or as those tangible and intangible assets which are tied semi-permanently to the firm. Resources can be categorized as physical resources (for example machinery, building), human resources (for example knowledge, experience, workers insights), organisational resources (for example organisational culture, organisational structure, informal processes) and financial resources (for example debt, equity) (Barney, 1991). According to Veronique (2002), the resource-based view of the firm focuses almost entirely on how firms can achieve competitive advantage through internal resources that enable them to exploit opportunities in the environment or conceive or implement strategies to improve their efficiency and effectiveness.

Veronique further argues that the main implication of this perspective in terms of competitive strategy is that in order to compete, firms need to manage their resources. This requires three kinds of effort: -

- they must protect their current resources,
- they must continually improve their resources and
- they must build new resources.

Firms cannot depend on their current resources as they may cease to be valuable. Changes in the environment may render them obsolete. And as Grant (ibid) has observed, once established, competitive advantage is subject to erosion by competition. UMI cannot therefore afford to be complacent in sustaining its resources. The rest of this chapter will

make an attempt to discuss the strategic issues which UMI needs to address in order to sustain a competitive advantage.

### **UMI's Strategy positioning: A Situational Analysis**

In order for UMI to determine the most appropriate strategic actions that will enable it to achieve the identified objectives, it is essential to establish the actual and potential "resource base" (internal strength and weaknesses) with which the Institute plans to face the world. What follows below summarises the results of a recent SWOT analysis identifying the key internal strengths and weakness as well as the external opportunities and threats. The analysis was collectively conducted by the management and staff of UMI while discussing the Institute's 10years Strategic Plan 2003 – 2013 (UMI 10 Years Plan).

### **Internal Analysis**

#### ***Strengths***

As UMI prepares for the next 10 years, the Institute can boast of a wealth of special advantages and strengths from which flow a new energy and confidence among faculty, staff and students.

The major institutional strengths include the following:-

- UMI has a clear vision and mission that are shared by the Institute staff.
- A relatively small but highly dedicated team of talented, creative, and entrepreneurial faculty and administrative staff.
- The reputation of UMI and the academic profile of the Institute's students have grown more impressive each year, and UMI is now among the institutions of choice for senior managers keen on developing their careers.
- UMI's established culture of effective teamwork and cross-disciplinary cooperation facilitates the development of interdisciplinary programmes, research and consulting efforts that have become increasingly important in ensuring quality service.
- UMI's location next to the nation's capital which is also the main business and commercial city is a major asset for the promotion of international programmes and recruitment of international scholars and students. The Institute's location offers excellent opportunities for engagement with public policy issues.

- The successful experience of managing the Masters in Management Studies Degree Programme and the Postgraduate diploma programmes provide the Institute with a credible launch pad for a more diversified management education programme.
- The Global Distance Learning Centre (GDLC) is a major resource for expanding UMI's programme and marketing outreach.
- The institute has infrastructure on which to build and improve including:- classroom, conference and residential accommodation, computer laboratories, library & documentation centre, kitchen and dining hall. The institute also has some land for physical expansion.

### **The weaknesses**

Notwithstanding the strong points outlined above, UMI is currently constrained by the following significant weaknesses that have to be effectively addressed: -

- Rapid growth, especially over the last five years, that has outstripped the physical infrastructure of the Institute.
- A faculty and staff that is already overstretched.
- Inadequate use of the Institute's alumni
- The Institute's revenue base is still narrow.
- Research and consultancy activities are still lagging far behind training
- Financial policies and guidelines are still involving to support best-practice financial management. In addition, UMI needs to improve its debt management capacity.

### **External Analysis**

#### ***The Opportunities***

UMI should be able to exploit all or some of the following positive developments in its operating environment.

- A strong and growing demand for quality management education, skills development, and institutional development services locally and within the Great Lakes Region. UMI can provide the region with the educated labour force necessary for the new globalised economy.

- Uganda has potential to fast become a leading center for the new knowledge and information economy, and the Institute is ideally positioned to become a major partner in its development.
- The rapidly growing recognition of the role of civil society organisations and the private sector in fostering and promoting sustainable socio-economic development. These stakeholders have capacity gaps that UMI plans to address by providing appropriate knowledge and skills development products.
- There are opportunities for developing strategic partnerships with multilateral and bilateral development agencies such as the World Bank, UNDP, DFID, DANIDA, NORAD, USAID, CIDA, IHS, NUFFIC, the Islamic Research and Training Institute as well as with professional associations including the Commonwealth Association for Public Administration and Management (CAPAM); the Municipal Development Programme (MDP), and the International Association of Schools and Institutes of Administration (IASIA).
- The Uganda private sector is becoming increasingly cosmopolitan in outlook and, thus, presents opportunities for joint initiatives including sponsorships of Chairs, Awards and endowments at the Institute.
- The ever-increasing number of UMI alumni working in all sectors of development is a great resource the Institute must tap to further its mission. UMI has many outstanding alumni and loyal friends that can become increasingly active partners in its efforts to achieve excellence.
- The goodwill and possible resource assistance of the Government of Uganda should be harnessed as appropriate.
- There are universities and management development schools in the region and further abroad that seek to enhance their institutional and programme relationships through strategic networking and collaboration. UMI can develop professional links in terms of exchange and joint programmes and information sharing.
- Increasing globalisation brings the regional and international demand markets nearer to UMI's doorstep.

### ***Threats***

Alongside the numerous opportunities, however, are potential dangers or threats that UMI has to understand, anticipate and overcome to ensure its sustainability.

The major threats in the Institute's operating environment include the following: -

- A growing number of public and private universities, tertiary institutions and private capacity building firms taking advantage of liberalised education and training environment to redefine competition.
- Some provisions of Universities and Other Tertiary Institutions Act, 2001 especially regarding governance and the degree of autonomy of affected institutions may compromise the ability of UMI to take timely and efficient decisions. The new legally recognised structure may introduce bureaucratic administrative systems and processes that may undermine cost-effective implementation of innovative and forward-thinking activities and programmes.
- Low purchasing power of prospective clients-individuals and organisations. Some organisations, especially in the private sector, don't put a premium on capacity building.
- Increasing cost of education and training inputs.

In view of the above SWOT analysis, it is imperative that the study analyses the resources that are obtainable at UMI. This will as a result reveal the challenges that the Institute must address in order to sustain itself within the Competitive market in which it is operating. Following the resource categorisation by Barney (1991), the discussion will address the physical, human, organisational and financial resources in relation to UMI's current and future competitiveness. And in determining the future strategic choices for the Institute, consideration must be given to those areas of weaknesses and external threats.

## **1. Physical Resources**

UMI is seriously constrained in terms of physical space and premises. Since its opening in 1969, the students/participants turnover per year has grown from 150 in the 1970s to the current average of 2200, an increase of 1400 percent compared to only 10 percent expansion of facilities (UMI files). In addition the course portfolio has expanded beyond public sector institutions to include private sector participants and non-governmental organizations. As already discussed, the current training programmes cover short courses, certificates, diploma and Masters degree programmes which are presently over subscribed, due to space constraints. For example, as outlined in Table 5.1 below, UMI in the year 2002 received 792 eligible



applicants for various postgraduate diplomas and 159 applicants for the Masters in Management Studies (MMS) making a total of 951 applicants. The available physical facilities like classes, library, computers, and dining hall, etc. could maximally accommodate only a half of those numbers. For example at the moment the library can seat only 60 readers while the dining hall can accommodate only 150 people. As indicated in Table 5.1, the total applicants for the postgraduate diplomas and the Masters degree programmes were 951 for the 2002/2003 academic year. However, largely because of limited physical facilities only 636 (67 per cent) were admitted leaving behind 315 (33 per cent) of disappointed applicants. This was obviously a big loss of income which is badly needed for UMI's expansion and other activities.

**Table 5.1: Eligible postgraduate applicants for 2002/2003**

<b>Course</b>	<b>Number of applicant</b>	<b>Number accommodated</b>	<b>Balance</b>
Diploma in Financial Management	135	95	40
Diploma Project Planning & Management	135	95	40
Diploma in Human Resource Management (Evening)	232	162	70
Diploma Human Resource Management (Day)	43	30	13
Diploma in Management	148	104	44
Diploma in Public Administration and Management	99	70	29
Masters in Management Studies	159	80	79
<b>Total</b>	<b>951</b>	<b>636</b>	<b>315</b>

*Source: UMI Files*

The trend of applicants given in Table 5.1 is likely to continue for the foreseeable future owing to the large number of graduates from the increasing number of universities in Uganda and within the region who need a UMI qualification to make them competitive. Unfortunately, the Institute's impressive expansion both in scope of activities and growth in student/participant numbers has not been matched by the expansion of physical facilities. Except for the establishment of the Global Distance Learning Centre (GDLC), a semi-autonomous center within the Institute, no expansion of physical facilities has taken place since the Institute was established.

UMI is operating in building structures whose design was originally meant for the Institute of Public Administration which had only 150 participants and was using different training delivery methods. Restructuring of the organization and modularization of courses offered at UMI have resulted into a sharp increase in numbers of applicants without a corresponding increase in the number of facilities, thus constraining potential revenue generation and the Institute's contribution to management development in the country and the sub-region.

Despite UMI's possession of a complex structure with 150 single study bedrooms, the accommodation facilities of the Institute are also increasingly failing to attract top executives. This is because of limited space or "poor facilities" as they refer to it. Consequently, because rooms are small (and lack self-contained facilities), in terms of marketing the Institute's services, UMI loses business to hotels, which are able to provide the accommodation facilities required by top executives. The relevant courses then become hosted by hotels. This makes the programmes expensive for the would-be sponsors, thus affecting the marketability of UMI's programmes for executives.

The physical limitations explained above makes it abundantly necessary for UMI to expand its physical facilities. The expansion will not only enable UMI to make its full contribution to the economy in developing a sustainable management capacity in Uganda but will also make the institute financially self-sustaining. This is because with expanded and improved facilities, more participants will be admitted and more courses conducted which should lead to higher revenue generation.

## **2. Human Resources**

No management education institution can operate effectively unless it has, in the words of Kubr (1982) "enough people with the right technical profile, experience and training to carry out the required jobs". Indeed the life of a training institution, the quality of its activities, its image in the community, its survival in the present and its development in the future, all depend on the quality and levels of its personnel (Ferrari and Lancaster (1997)). The staff constitute the principal asset of any professional institution. Institutions develop, flourish, stagnate and decay with arrivals, growth and departure of professional staff. Building a strong professional staff is therefore the only possible strategy open to the institutions that do not want

to stay on the periphery of the management development scene. Recruitment, selection, training and remuneration policies should therefore all be aimed at keeping their professional competence up to date, in order to offer the services which the community requires from a training institution. ACAS, (1997) emphasized the fact that the way an organization attracts, develops, motivates and retains people will increasingly determine whether it succeeds or fails. A successful organisation must practice strategic human resource management. The concept of strategic human resource management (SHRM) is well, established in business literature. It refers to ongoing efforts to align an Organisation's personnel policies and practices with its business strategy (Tompkins, 2002).

### ***Professional Staff***

As of June 2006, UMI had 27 full time professional staff. According to Kubr (1982), the term "professional staff" or "faculty" refers to the institution's staff who initiate and conduct training, research, consultancy and related professional activities. The administrative staff provide a variety of support services which facilitate the performance of professional tasks. The two groups complement each other, although in the management institution the proactive role is played chiefly by the faculty or professional staff. Table 5.2 summarizes the formal academic qualifications of the Institute's full-time academic staff. All have university degrees and two-thirds have at least Masters degrees. Almost a half of the staff have professional qualifications and designations in areas such as accounting, project planning and management, marketing, secretarial science, computing and information technology, human resource management and public administration. On the basis of this data, it appears that UMI has the necessary critical mass of professionals as a basis for developing its institutional capacity and competencies as a professional management institute consistent with its strategic choices.

**Table 5.2: UMI Professional/Academic Staff Qualifications**

BA/B.Com	MA/M.Sc/MPA	MBA	PhD	Total
5 18.4%	15 55.6%	4 14.8%	3 11.1%	27 100%

*Source: UMI Files*

As Ayeni and Kiggundu (1996) have argued, while formal academic qualifications do not necessarily predict performance, it is important to realize that institutions wishing to pursue

academic strategic goals must be concerned with the technical academic qualifications of their staff. Since UMI has chosen one of its strategic goals to offer degree programmes including a Masters degree, it must raise the overall academic qualifications of its staff. Currently, there are 5 members of staff who have registered and are pursuing PhD programmes at different Universities. This is a commendable development.

In today's first changing, competitive and knowledge-intensive world, skilled team members are more important than ever to an organisation's performance. Hitt et.al (1998) discuss the role that human capital plays in building core competencies, noting that the use of contingency workers and outsourcing is risky and that, as a result, developing employee skill is essential for organizational learning and strategic flexibility. Similarly, Sanchez (1997) suggests that a continuous cycle of competence-building increases a firm's chances of success by creating the strategic flexibility to pursue alternative scenarios in response to changing conditions.

The Council and management team of UMI recognize that the achievement of UMI's mission rests in large degree on the effectiveness of its staff. This, in turn depends on appropriate and fair policies and procedures for selecting, managing and developing staff from the moment they join the organization to the time when they leave it. In view of the Institute's belief that no organization can be more effective than its human resource, the main goal of recruitment is to appoint the best person for the post concerned. All other considerations and criteria must be subordinated to merit. The Institute's Council has fortunately lived and kept to this spirit.

Although the staffing position is now better than before, there is need to expand the teaching establishment in line with increased student enrolment. From the writer's observations and from the views expressed by the academic staff, one notices that currently the teaching staff are overstretched. Consequently, their ability to read and expand their horizons and to conduct research is affected. Unless this is checked, it may adversely affect performance and compromise standards. Therefore, the expansion of the teaching establishment is absolutely essential, provided it is effected while taking account of budgetary considerations.

Fortunately the faculty turnover at UMI has not been very high. Since 1997 the Institute has lost 5 faculty members two of which were PhD holders. Informal interviews with faculty

pointed to the total earning power and better job offers as being the causes of their departure. A recent salary survey revealed that although UMI had a slightly better salary package than other Uganda institutions of higher learning, its package needed more fattening. As Jokull (2001) observed UMI needs to develop higher than average quality faculty in order to accomplish its mission of providing high quality management training. This implies that in order to attract higher than average quality faculty the Institute needs to pay higher than average compensation. This will be in line with one of the Institute's specific objectives concerning organizational development which provides for the review of staff remuneration every two years, taking into account the institution's performance and individual contributions to it. One can certainly assume that one of the first items on the agenda of the recently established National Council for Higher Education under the Universities and Other Tertiary Institutions Act, 2001 will be to establish standards for faculty at all Ugandan Universities. The required standards are likely to send many substandard institutions scrambling for qualified faculty. And because of the limited supply of quality faculty in Uganda, these substandard institutions will try to attract faculty from quality institutions like UMI.

The Institute's salary scales should be such that they attract well qualified and talented professionals who will be creative and innovative in the performance of their institutional tasks. However, monetary rewards alone cannot ensure that staff will be innovative and well motivated. Professionals as observed by Kubr (1982) are certainly influenced by the quality of their work environment, and a host of other non-pecuniary factors. Even so, when their compensation falls below a certain threshold, the quality of their work and their sense of motivation tend to suffer. It is for this reason that serious attention should be given to the formulation of appropriate compensation policies at the stage of strategic planning with a view to giving the Institute a competitive edge in attracting and retaining suitable staff. Obviously, when competitive salary structures are adopted, UMI will have a corresponding responsibility to demand good performance from its staff and to penalize those who do not measure up. It is therefore critical that modern performance management systems are introduced and actively monitored.

### ***Leadership***

Of equal importance as far as the human factor at UMI is concerned is the issue of leadership. An important ingredient which has great influence on the effectiveness of an

organization is leadership. Blunt (1990) recognizes that market forces may create the conditions for success or failure, but a critical factor determining which organizations succeed and which do not is leadership. Many institutions tend to overlook the fact that what the institution is capable of achieving depends critically on how it is managed. Kuber (1982) who is an authority on managing a management development institution stresses the fact that a major factor determining the performance of professional staff is the quality of leadership of the institution. The sense of direction that the leadership provides and the institutional environment and processes it fosters have a bearing on the creativity and innovativeness that characterize an effective professional institution.

Arguably, the paradoxical nature of management development institutions (MDI) effectiveness requires leaders capable of managing competing priorities. Ramsden (1998) suggests that leadership in universities is "about tensions and balances". Drawing on Kotter's (1990) leadership-management distinction, Ramsden argues that university leadership requires leaders capable of producing change, aligning people and motivating them whilst simultaneously engaging the management function of keeping the organization on time and within budget (Ramsden, 1998). Pounder's (1999) findings added to the observations of Ramsden (1998) indicate that the central requirement of university leadership is flexibility.

As discussed in the first chapter, the Institute is under the guidance of Council members who believe in corporate strength and results-oriented performance. From the interviews held with some members of the Council and the management team, one gets the impression that the working relationship between the management team and the Council is harmonious and conducive to effective decision and policy making. The Director General, assisted by his deputies and respective heads of department is responsible for the day to day overall leadership of the Institute. He is responsible for creating a vision of the future that takes into account the legitimate long-term interests of the parties involved in the activity; for developing a rational strategy for moving towards that vision; for enlisting the support of the key power centers whose cooperation, compliance, or teamwork is necessary to produce that movement; and for motivating highly that core of people whose actions are central to implementing the strategy. As Blunt (1990) has observed, he should be able to exercise a combination of credible authority, persuasion, empowerment of others, inducement, and perhaps above all, good judgment.

Since 1992 when UMI acquired its current semi-autonomous status, the Institute's leadership has strived to keep it afloat. Of course this has involved changing systems and management practices from a pure government department to a self-sustaining business enterprise. The transformation of UMI from the Institute of Public Administration (IPA) which was a government department to a commercial independent self-sustaining institution, had implications for the Institute's objective of improving service provision. The leadership has continued to ensure that there is staff awareness and orientation towards the demands of a business oriented institution. Considering the tendency for people to stick to old ways of doing things, the new role of UMI demands an attitudinal/cultural change from the bureaucratic civil service culture to a customer-oriented culture. The new attitudinal and cultural change must involve all UMI staff regardless of the rank and profession. Though the Institute's leadership has played a big role in ensuring that structures and resources for effective transformation are in place, UMI is still faced with the problem of getting rid of traces of old values which are not consistent with the Institute's new role. Conscious of the fact that there are good things in the old systems and that new builds on the old, the leadership is faced with the task of ensuring that there are constant monitoring systems and values to "weed" out the old unresponsive attitudes. For example, while attending both the management team and Departmental meetings one notices that some members of staff still practice some civil service behaviours which at times border on mistrust. They tend not to be very open to their supervisors let alone to one another. This is a dangerous attitude to the fresh breathing of the Institute for as Blunt (1990) has rightly observed mistrust is the cholesterol of an organization: like its medical analogue, it clogs and incapacitates the arteries of the organization; it impedes its performance and may ultimately bring about its demise. And like heart disease, it is an epidemic of modern organisational life.

No doubt the success and sustainability of UMI will largely depend on a leadership which provides it with a strategic architecture. Its overall strategic intent must be grounded in a deep understanding of what Hamel and Prahalad (1998) have termed as potential discontinuities, competitor intentions, and evolving customer needs. In order for improvements in organizational effectiveness to be attained in turbulent environments, UMI's leadership must place considerable value on: -

- strategic vision;
- mutual trust and confidence;
- openness to constructive criticism and change;

- opportunities for everyone to progress as a function of their ability within existing constraints;
- fair and just treatment for everyone;
- clear articulation of accountability and role relationship;
- opportunities for work which allows for individual growth, and where appropriate, for participation in strategy formulations and finally;
- the clear articulation of long-term goals, sharing a sense of common purpose and above all, vision concerning future opportunities and constraints.

It is imperative that both the management and staff of UMI develop and practice entrepreneurship. As Jenkins and Floyd (2002) have observed entrepreneurship involves uniqueness. This is characterized by a special way of thinking, a vision accomplishment, and the ability to see opportunities in everyday situations. Entrepreneurship at UMI must be moved from being at the core of strategic agenda to being at the core of strategy, competitive strategy in particular.

### **3. Organisational Resources**

#### ***The Structure***

According to Barney (1991) organisational resources relate to structures, culture informal processes, among others. As discussed in the first chapter, prior to the coming into force of the Universities and Other Tertiary Institutions Act, 2001, (which become operational in April 2002), UMI was governed by a Board of Directors headed by a chairman who reported to the Minister responsible for Public Service. This new Act places the Institute under the National Council for Higher Education and creates a wholly new set of governance organs, most notably a council, a Senate and other academic bodies. The Act as modified by Statutory Instrument No. 22 of 2006 also provides for a Visitor, a Director General, and other statutory management positions in the University structure.

Although UMI does not necessarily have to adopt the full typical university structure all at once and will restructure in accordance with its emerging needs, the new structure is not without problems. As outlined under the SWOT, the new structure may introduce bureaucratic administrative systems and processes that may undermine cost-effective implementation of innovative and forward-thinking activities and programmes.



## ***Research and Consultancy***

One of UMI functions is to undertake research and consultancy designed to enhance the skills and performance effectiveness of the personnel in the public, parastatal and private institutions and enterprises. And indeed any management development institution must of necessity involve itself in research activities. Research and consultancy improves the skill levels of faculty and makes their academic and practical work more relevant. Undertaking research into the management problems of the country helps in the development of solutions to such problems; while at the same time the institution's reputation is enhanced through its research and consultancy work.

Research and consultancy were expected to constitute UMI's second form of intervention in Uganda's management environment. In addition to training, UMI staff were expected to carry out research and consultancies so as to form another strong area of management development services which the institute offers. Unfortunately however, unlike training where UMI has recorded significant achievements, very little has been done that would qualify as contribution to management research. According to the Institute's own records, management and staff are aware of the potential for mutually reinforcing relationship between training, research and consultancy. Yet they have not paid any serious attention to research. Indeed no tradition of research has developed in the Institute. A Management journal was issued in the late 1970s but there was no follow-up.

Most of the management team members and the academic staff interviewed by the author agreed that the research component was a weak area at UMI. Reasons given for this included the fact that due to inadequate funds the Institute placed much emphasis on the training activity. Training places a heavy workload on the professional staff and partly because of insufficient time they end up doing little in the area of research. This is in agreement with Lorange's (1996) observations that intensive teaching loads, endless meetings, compliance with excessive bureaucratic norms, and other "distinctions", can easily eat away the time and energy for research. Similarly, Onweng and Ssekiboobo (2002) noted that research and consultancy work has been undertaken only as contributory components to the training programme of the Institute. They further observed that the growing demand for training in government and private sector departments over the years made teaching become the central responsibility of UMI with limited opportunity for research and consultancy. Consequently, since 1969, UMI has largely contributed to

capacity building through training programmes and to a limited extent through research and consultancy even if research and consultancy have constituted key objectives of the Institute for all this time.

In addition to the reasons outlined above, Onweng and Ssekiboobo (2002) believe that UMI's research and consultancy potential has not been adequately developed because of the absence of an independent unit to manage such a function of the Institute. Jokull Johannesson (2001) had earlier also recommended that an independent Unit should be established at UMI to spearhead the important research and consultancy function.

It is in this context that a research and consultancy unit was recently (January 2002) created at UMI in order to strengthen the research and consultancy function and also to enhance the capacity of staff and students to conduct research and consultancy assignments. The Unit has the challenge of transforming UMI into a leading training and research agency in Uganda and the Great Lakes region. The following are the objectives of the unit:

- To harmonize and provide support to research and consultancy assignments
- To enhance the capacity of students to undertake quality research
- To contribute to national and local development through policy and action oriented research and consultancy and organization of public debates
- To increase access to UMI academic work through UMI publications and data bank of UMI academic work.

The establishment of the above unit is in the right direction but all other efforts must be taken towards eliminating weaknesses of the research activity at UMI. Although the research unit is now existing, it however needs further strengthening to ensure that it is composed of staff who are well qualified with extensive experience in research and consultancy. Weakness in research is likely to become problematic, especially regarding the staff's ability to supervise students on the newly introduced work-based research Masters programme. The introduction of the Masters programme implies the need for an adequate number of qualified staff to supervise the students in the various research areas. That is, the teaching staff at UMI will be required themselves to have done considerable amount of research in those areas. UMI staff need to conduct research and publish papers in international or professional journals – without this UMI will suffer from a weak publication

image. In fact as a means of encouraging staff to undertake research, the number of articles written and published, and research done should form part of the performance appraisal system as it is done in a number of institutions for example at the National Institute of Public Administration in Malaysia (Halima 1996).

As a way forward, greater emphasis will have to be placed on the research function because without it there cannot be advancement of knowledge and skills (Sebuwufu, 1999). UMI must take this function as the basis of its future growth. In the globalised economy of the twenty first century new management skills and new ways of doing business will have to be developed and this would only be possible if enough research is done by those institutions that provide management training. This is the challenge that UMI has to face. If UMI does not seriously address the development of new skills, the people it passes out will leave with obsolete knowledge for the new century. It is also important to ensure that the research undertaken is relevant to national development. Victor Powell (1991) condemned research activities in management development institutions in developing countries which is often seen to lack relevance to operating problems. And this makes it difficult to obtain the cooperation and interest of enterprise managers.

There is no doubt that research and consultancy are critical components in the development agenda of any nation. They generate information that can be used to influence policies and programmes. If staff and students can participate in competitive (regional and national level) research and consultancy assignments, it will facilitate UMI to quickly position herself as a leading consultancy agency in the region. Consequently, UMI will become a very strong partner of various development agencies especially non-governmental ones whose survival is largely based on output from research and consultancy activities.

### ***The need for strategic alliance/partnership***

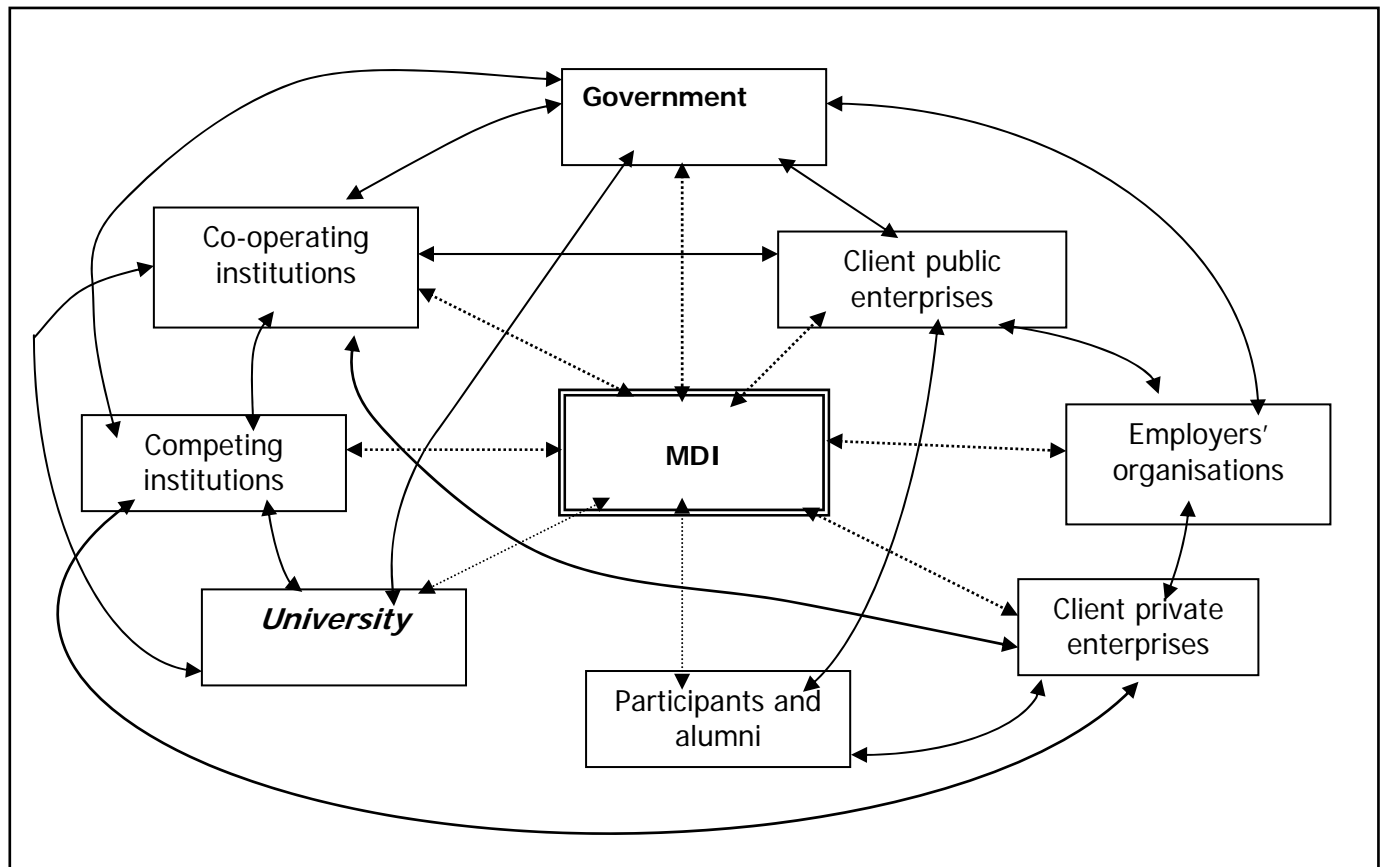
According to Beeby and Booth (2000), strategic management theory has until relatively recently tended to ignore the developing body of knowledge regarding inter-organisational relationship, and certainly has not featured in case of UMI, probably because of its original non-profit, non-market based perspective. Subsequently however, considerable theoretical development has emerged in the form of what are variously labelled as "strategic networks" (Jarillo, 1988; Thorelli, 1986), "Strategic alliance" (Borys and Jernison, 1998; Devlin and Bleackley, 1998; Hamel, 1991), "co-operative strategies" (Nielson, 1988), "joint ventures"

(Harrigan, 1999; Kogut, 1988) “collective strategies” (Bresser, 1988) and “value-adding partnerships” (Johnston and Lawrence, 1988).

Since the 1990s as observed by Paton (2001) there has been a growth of the use of the term “partnership”. This is regarded as a relationship in which the best means of securing meaningful outputs is via mutual goal setting, joint decisions and co-ordinated action. Kubr (1982) has referred to institutional links as contacts and exchanges with organizations, institutions, groups and individuals in the institution’s environment. They can be formal or informal, more or less regular.

Management development institutions such as UMI must of necessity have strategic networks with stakeholders which include organizations and individuals having a direct interest in the existence, outputs and performance of the institutions. This is because an institution operates within an environment which consists of other institutions and individuals whose linkage is important for its success. Figure 5.1 below provides a useful outline of the linkages which a management development institute should have. The figure shows that a management development institute should not by any means live in isolation. It should develop partner-relationships with several stakeholders which include government, employers’ organisations, alumni and competing institutions among others.

**Figure 5.1: Selected linkages with the environment of a management development institution**



*Source: Kubr M (1982), p. 93.*

Cases where a management institution would view other institutions as competitors only and intentionally refrain from maintaining links with them are very rare (Kubr, 1982). Even institutions that serve basically the same market, as some international management institutions do, realize that the market is large enough and that even between competitors there is some scope of inter-institutional cooperation. According to Don and Redman (1997), partnership can take a number of forms and vary in intensity of collaboration and scale of intervention. For example, they range from the provision of bespoke single company (Ashton, 1989) for MBAs and other specialist management awards; teaching company schemes (Peattie, 1993); the placing of fulltime management students on in-company projects to act as consultants and analysts (Linstead, 1995); sponsoring and facilitating applied research programmes in management development (Ready, 1992); developing "learning organizations" through partnership (Lles et.al, 1995); to more adhoc relationships involving specific small scale training programmes (Redman, 1993) and secondment (Lantos, 1994).

A sound approach seems to be one in which an institution views cooperation with other institutions as a long-term strategic choice, from which it will be able to achieve results unattainable otherwise. In this way it is possible to determine priority areas for cooperation, desirable partners, and methods to be used as well as resources earmarked for cooperation. As outlined in Figure 5.2 below, Kubr (1982) provides a checklist of methods which can promote inter-institutional cooperation and which UMI can take advantage of.

**Figure 5.2: Inter-institutional co-operation: checklist of methods**

Method	Comments
1. Meetings of institutions (contacts, experience exchange)	Easy; good starter; not always well focused
2. Visits and study tours	Easy; useful if properly prepared
3. Newsletters	Useful if exchanged and read regularly
4. Exchange of publications	Easy; interesting if systematic
5. Exchange of publications	not too difficult; so far poorly organized; need to define what can be used
6. Exchange of teaching and methodological materials (unpublished)	extensively used between developing and developed countries, less within developing countries
7. Fellowships for staff development (individual or inter-institutional programmes)	not difficult; useful if clear objectives pursued
8. Staff exchange	difficult; institutions hesitate
9. Using foreign teachers and consultants	Very common; useful at beginning, later to be confined to selected areas
10. Co-operative or joint research	Popular at present; not all projects are effective; findings rarely applied and tested
11. Joint training programmes	Could be used more frequently in new areas
12. Joint consulting and similar assignments	Difficult; rarely used
13. Joint information and documentation services	Promising but virtually non-existent; deserve attention
14. Joint design and development of new programmes and materials of common interest	Promising; deserve attention; excellent planning and co-ordination is a must
15. Twinning arrangements (multipurpose)	Very effective if partners well chosen; deserve attention
16. Programme co-ordination (division of tasks)	Mutual confidence required; could be used more

**Source: Kubr M. (1982)**

One of the means of increasing UMI's role is through "networking" and Figure 5.2 above provides an excellent benchmark for UMI to assess its performance in acquiring strategic partners. Foreign and local universities, business schools, institutes of management and public administration, management consultancy firms and freelance consultancy firms and freelance consultants and others usually play a significant role in the development of new management training initiatives. As a means of developing alliances, UMI has acquired membership to a number of organizations. For example UMI is a member of the Institute of Corporate Governance and Ideas, an initiative of the Commonwealth Secretariat. It is also a member of the following bodies:

- Association of Management Training Institutions in Eastern and Southern Africa (AMTIESA);
- Association of African Management Consultants (AAMCO);
- African Association of Public Administration and Management (AAPAM)
- Uganda Association of Public Administration and Management (UAPAM)

UMI maintains close links with the International Institute of Administrative Science and the International Association of Schools and Institutes of Administration. A number of programmes that UMI is running have been developed in close collaboration with external institutions, notably the University of Bradford (UK), Glasgow Caledonian University (UK) and the World Bank Institute (UMI Prospectus 2001/02).

Although UMI has established some form of collaboration with some bodies, a number of faculty members interviewed by the author held the view that the networking currently on the ground is not sufficient. They would wish to see UMI collaborating with both local and external institutions in developing training materials, carrying out joint research and consultancy and exchanging staff, among others. It should be noted that UMI's linkages with other organizations and institutions have been rather more ad hoc than strategic. A case in point is UMI's failure to pick-up and strengthen the UMI/Glasgow Caledonian University partnership which had started under the 1996 Institutional Development Project sponsored by the former ODA (now DFID). Instead of using that project as the beginning of a long-term relationship between the two institutions, everything appears to have ended with the expiry of the project.

UMI has of course sent representatives to attend the annual conferences of the bodies it is affiliated to but the author feels that this is not enough as very few of the UMI



representatives to those conferences have presented researched papers for discussion during the deliberations of such conferences. Such researched papers would not have only strengthened the image of UMI but would also improve the staff's capacity in research and training.

Furthermore, UMI needs to build strategic partnership not only with training, research and consultancy institutions but also with the private sector and non-governmental organizations (NGOs). The Private Sector Foundation (PSF) whose objective among others, is to promote entrepreneurship in Uganda would be a useful ally of UMI and so would be the Uganda Manufacturers Association (UMA) and the Federation of Uganda Employers (FUE). Such organizations are not only likely to avail UMI with a number of training interventions for their members but also support the Institute in its research and consultancy initiatives. And at the end of the day, not only will UMI's image be enhanced but also its revenue base will be broadened.

#### **4. Financial Resources**

The availability of adequate financial resources greatly contributes to the sustainability of an institution. Since its establishment in 1992, UMI has largely depended on its own earned revenue to finance its operational activities and a few capital developments. But as is discussed below, these funds are not adequate to meet both the recurrent expenditures and the capital development of the Institute.

With regard to the Institute's income, Table 5.3 summaries the main source of revenue for the period 1995/1996 to 2004/2005.

**Table 5.3: Revenue generated 1995/96 – 2004/2005 in thousands of shillings (000)**

Source	1995/96	199/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005
1. Long courses	86,552	103,440	129,726	317,852	1,144,587	1,485,383	1,542,244	1,355,792	1,446,006	2,115,094
2. Short courses and consultancies	581,670	530,73	739,221	918,109	887,291	656,398	735,533	828,769	1,446,806	816,049
3. Tailor made courses	101,586	151,338	219,838	226,071	286,998	34,234	-	-	430,176	446,569
4. Government subvention	301,714	464,109	418,014	401,340	412,511	442,028	440,000	400,000	395,560	397,702
5. Other miscellaneous	117,344	103,449	129,605	143,531	140,471	206,281	269,116	393,141,000	371,564	583,088
6. Total	1,188,866	1,359,000	1,636,444	2,006,920	2,871,880	3,154,340	2,986,873	2,977,702	4,090,112	4,358,502
Government subvention as a percentage of total revenue	25.4	34.3	25.5	20	14.4	14.0	14.7	13.4	9.7	9.1

**Source:** UMI Files

**[Note:** 1850 Uganda shillings approximately equal to one United States dollar]

### ***Discussion of Table 5.3***

As outlined in Table 5.3 above, over the period, total revenue has increased from 1.2 billion Uganda shillings in 1995/96 to almost 4.3 billion Uganda shillings in 2004/05 financial year. This has enabled the Institute to enjoy a period of renewal and growth, boosting employee morale. Growth in revenue is largely attributable to the modularized courses which have shown very strong growth since 1998/1999 and the introduction of new programmes e.g. postgraduate diplomas in Project Management and Financial Management. Consistent with declining enrolments on short courses, the revenue for short courses have not shown the same proportional increase and have instead suffered declines since 1999/2000 except for the 2003/04 financial year which was boosted by consultancies from local governments. This is a serious problem to which the Institute must find a long term solution.

The results in Table 5.3 point to several strategic implications. First it is very clear that long courses constitute the backbone source of operating revenues for the Institute. As shown in Table 5.3 the total revenue from long programmes rose from a mere shs 87,000,000 in 1995/96 to shillings 2,115,094,100. Any strategic choices must recognize and build on this very important reality. Second, the unstable revenue trends from short courses must be stopped and reversed. Given the unpredictable nature of other sources of revenue, the Institute's strategic choices must be aimed at building and sustaining a revenue base over which it has more strategic and operational control.

It is also important to recognize that although UMI has had a constant revenue increase since 1995 as exemplified in Table 5.3, this revenue is not sufficient to meet all its expansion requirements. And the situation has been worsened by the constant decline in the share of government's subvention to the Institute in total revenue. For example while in 1996/97 the government subvention was 34.3 per cent of the total revenue, in the 2004/2005 financial year it had declined to a mere 9 percent, and the trend is likely to continue as government quietly implements its policy of gradual withdrawal from financing tertiary institutions. This therefore means that the Institute's plans for expanding and updating its facilities will be based on using its own revenue, yet the rate of revenue generation at UMI is not growing at as fast a rate as that of the demand for the services/programmes. The unfortunate side of the equation is that donors are no longer funding such capital investments. This therefore highlights the need for UMI to identify and establish a sustainable source of revenue to cater for such developments. The need to broaden the Institute's revenue base is therefore urgent and it must obviously be in UMI's

strategic focus. The Fifth Learning Goal will discuss some of the avenues through which UMI can broaden its revenue base and enable the Institute to overcome some of its current financial constraints.

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## **LEARNING GOAL NUMBER THREE**

### **Effects And Effectiveness Of Structural Adjustment Programmes In Sub-Saharan Africa And Uganda**



# CHAPTER ONE

## INTRODUCTION

### *Background*

Structural adjustment has dominated policy making in Sub-Saharan Africa (SSA) since the early 1980 (Noorbaksh and Paloni, 2001). And as Babarinde (1993) observed, by most accounts, one of the fashionable topics of contemporary intellectual discourse on Africa is structural adjustment.

The economic recession of the early 1980's hit both developing and developed countries. The slow-down in GNP growth resulted into a higher unemployment and increased poverty in most developing countries. In Sub-Saharan Africa (SSA) in particular, the recession aggravated an already serious situation. The World Bank report entitled ***"Sub-Sahara Africa: From Crisis to Sustainable Growth"*** (1989) distinguishes three periods in the economic growth of Sub-Saharan Africa: 1961-1972 growth in per capita incomes; 1973-1980 stagnation; 1981-1987 decline; and beyond 1987 a period of deepening crisis which automatically derived its name of the "African economic crisis".

According to Africa Employment Report, 1988, between 1980 and 1984 African economies recorded negative growth of minus 1.5 per cent per annum. Thereafter, the rate of growth accelerated significantly averaging 4.2 per cent in 1985 and 1986. However economic growth turned to negative again at 1.4 per cent. As a consequence, per capita income in real terms declined throughout the period 1980-1984 by nearly 5 per cent annually and decreased further by 4.6 per cent in 1987. By 1987, the average per capita national income in the region stood 20 per cent below its level in 1980. Per capita consumption plunged 14 per cent in the 1980 – 1987 period. Thus most of the social and economic progress made since 1960's had been undone in the early 1980's. This was confirmed by various socio-economic indicators which unequivocally showed that quality of life for an increasing large proportion of the population in several African countries had declined precipitously. According to Barwa (1995), this was accompanied by:

- Decrease in the average income per capita as well as the average capita in food production;

- Deterioration in the foreign exchange position of the national economics; and
- Stagnation of local manufacturing industry with capacity utilisation of industrial plants below economic levels and indices of industrial production reading below negative level.

This resulted in investment levels too low even to maintain or rehabilitate existing production capacity and inhibited the full mobilisation of the national human resources in the drive for survival and development (Sawyerr, 1988). In consequence, these economies were often left vulnerable to every natural calamity as well as to the vagaries of the international economic environment.

To address the economic problems, many African countries, like their counterparts in Latin America and Asia, sought remedy in Structural Adjustment Programmes (SAPs) with the support of the World Bank and the International Monetary Fund (IMF). In 1990, for instance, over 30 African countries including Kenya, Uganda and Tanzania were implementing stabilisation and adjustment programmes. The countries had little choice but to undertake SAPs because these had become a precondition for securing external resources which were needed, otherwise some countries were faced with the prospect of economic collapse. As observed by Ochieng (2001), when a country is experiencing balance of payments difficulties, uncontrolled inflation and unemployment, general shortage of goods and services, and widespread bottlenecks disrupting production, then there is macro-economic disequilibrium. In such circumstances, a programme of adjustment is called for. And indeed adjustment of whatever type is painful, costly, difficult and gradual and requires some sacrifices.

### ***The Meaning of Structural Adjustment Programmes (SAPs)***

As observed by Lateef (2001), "Structural adjustment" may be defined in a variety of ways. Commonly it is referred to as the sustained pursuit of a programme of policy reforms which is designed to reduce economic and financial imbalances arising from domestic or external shocks and to address policy deficiencies that are impeding progress towards accelerated economic growth. That is why Ismail and Lipton (2003) have referred to it as a set of measures that seek to permit renewed, or accelerated, economic development by correcting "structural" disequilibrium in the foreign and public balances. Often such measures are

required as conditions for receiving World Bank and International Monetary Fund (IMF) loans. The reforms therefore attempt to eliminate distortions such as overvalued exchange rate, high fiscal deficits, restrictions on trade and inefficient public services that often prevent an efficient allocation of resources in the economy. It is worth emphasising that the important purpose of structural adjustment programmes (SAPs) is also to make the economy less vulnerable to future shocks by increasing flexibility and adaptability (Streaten, 1989).

In addition to the above understanding, this study takes the definition of Structural Adjustment Programmes (SAPs) as conceptualised under the current system of the World Bank and IMF. The two institutions refer to SAPs as an economic policy that oversees the macro-economic aspects of members countries so as to help them restore balance of payments problems and help solve Less Developed Countries (LDC) debt crisis (World Bank, 1986).

### ***The Problem Statement***

The economic policy and development debate since the early 1980s in Sub-Saharan Africa (SSA) has been singularly dominated by structural adjustment programmes (SAPs) which have been part of the conditionality tied to donor assistance. Up to now the debate concerning the appropriateness of SAPs for Sub-Saharan African countries continues unabated despite nearly more than two decades of “adjustments”.

There have been severe criticisms against SAPs which have at times been conceptualised as a recolonisation process by its critics. According to Julius Nyerere, the former President of Tanzania, SAPs as implemented by the World Bank and IMF represent an instrument of economic and ideological control of poor countries by the rich ones. This recolonisation process had made African economic independence to disappear, and the once cherished achievements of independence struggle as manifested by the numerous companies under the state control are no more (Riddel, 1992). On the other hand, supporters of SAPs believe that although there have experienced implementation problems, SAPs have gradually achieved the intended objectives. Therefore, whether structural adjustment programmes have been beneficial for the economies of the countries involved is indeed a controversial matter.

It is therefore necessary and important to investigate whether World Bank/IMF supported SAPs have in practice played any role in improving programme countries' economic performance relative to the non-programme countries.

### ***Objectives of the Study***

Embracing structural adjustment programmes has become the rule rather than the exception for most African countries. As earlier noted, the introduction of SAPs in most of the less developed countries in the 1980s has generated a lot of debates and whatever the outcomes of such debates either in form of contestations or acceptances, the socio-economic and political life of the people in those countries will be affected by the programme either directly or indirectly for sometime to come. This study therefore is an attempt to make an analysis of the impact of Structural Adjustment Programmes in Sub-Saharan Africa with specific reference to Uganda. We contend that two decades should be sufficient a time period for SAPs to have impact. Obviously, since the aims of SAPs are to create/develop/change the economic environment and viability or sustainability of the economy, the implementation of such programmes are likely to influence the structure of demand for management skills and management education. The relationship between SAPs and management skills and management education were therefore be investigated. And since the Uganda Management Institute's (UMI) core business is in developing sustainable management capacity, such an investigation was directed towards their implications for UMI's strategy. This was in line with the overall intention of the Doctorate of Business Administration (DBA) dissertation which aims at conducting a critical and strategic analysis of the environment in which UMI operates, and to demonstrate how this analysis might inform and contribute to the Institute's strategic planning and development.

The specific objectives under this Learning Goal included the following:

- To study and analyse the main objectives of introducing SAPS.
- To examine and analyse the different national policies that emerged with the introduction of SAPs e.g. liberalisation, public service reforms, privatisation, devaluation etc. with specific reference to Uganda.
- To analyse the impact of SAPs (both positives and negatives) in emergent economies.

- To investigate the impact of SAPs on the general Uganda economy and specifically on labour and/or employment matters.
- To derive SAPs lessons and challenges for Management Development Institutes (MDI) and specifically their implications on the Uganda Management Institute's strategic planning and development.

### ***The Research Questions***

In order to evaluate the impact of SAPs, the following questions were presented so as to guide us in focusing at the various aspects of the problem statement and the study objectives:

- (i) What were the major problems of the Sub-Saharan Africa and Uganda economies in pre-structural adjustment programme era?
- (ii) To what extent have the structural adjustment objectives been achieved in the attempt of correcting the ills which precipitated the coming of SAPs?
- (ii) Which are the positive and negative consequences of SAPs on the economies of Sub-Saharan Africa and Uganda?
- (iv) What alternative steps can be taken to ensure a smooth recovery of the Sub-Sahara African economies.
- (v) What lessons can Uganda Management Institute learn from SAPs? And of what use will such lessons be to UMI's strategic planning and development?

### ***Methodology***

Identifying the effects of SAPs is a daunting task (Noorbakhsh and Paloni 2001). The methodology adopted in this study was based on a review of published literature on SAPs in Sub-Sahara Africa and Uganda supplemented by unpublished documents. It also drew on the information derived from various conferences and seminars both in Uganda and some African countries in which the researcher had the opportunity to participate. The study also utilised information obtained through in-depth structured interviews carried out with a total

of 80 key informants including officials in the Uganda Government involved in the implementation of the economic reforms. The Government respondents were obtained from the Ministry of Finance, Planning and Economic Development; the Ministry of Public Service; the Ministry of Gender, Labour and Social Development and the Bank of Uganda. These government bodies were specifically identified because they were considered especially relevant to the objectives of the study. For example the Ministry of Finance, Planning and Economic Development is mandated to manage and control public finances and to plan economic development to facilitate economic growth, efficiency and the alleviation of poverty (Ministry of Finance Restructuring Report 1995). The Ministry of Public Service is responsible for the organisation and human resource management of the Uganda Public Service (Public Service Act 1969). The Ministry of Gender, Labour and Social Development has the responsibility of protecting the interests of workers and employers (Ministry of Labour Restructuring Report 1995); while the Bank of Uganda has the overall mission of fostering price stability and a sound financial system. The Bank is specifically entrusted with the responsibility of implementing government fiscal and monetary policies. Also included were entrepreneurs in both formal and informal sectors, donor agencies like World Bank, Department for International Development (DFID), Danish Development Agency (DANIDA), United States Agency for International Development (USAID) and other non-governmental agencies which included employers' and workers' organisations. Agencies like the World Bank office in Uganda, DFID and USAID were included because they are at the centre of SAPs and therefore their views were considered to be instrumental to the study. The National Organisation of Trade Unions (NOTU) to which all trade unions in Uganda are affiliated by law (Trade Unions Decree 1976) constituted some of the respondents whose views were important because they represented the workers who were part of the SAPs target. Similarly, it was deemed necessary to seek the views of the employers through the officials of the Federation of Uganda Employers (FUE), a body which represents the interests of employers. All these provided valuable and complementary perspectives on the impact of SAPs. The in-depth interviews were emphasized because of the nature of the sampled respondents who are largely busy bureaucrats. The use of questionnaire would have certainly attracted less response since researchers in Uganda have experienced very low response returns whenever a questionnaire is used on such people (Katorogo 1999, Munene 2000). Saunders et al (2000) also confirm that managers are more likely to agree to be interviewed, rather than complete a questionnaire, especially where the interview topic is seen to be interesting and relevant to their own current work. An interview provides them with an opportunity to reflect on events without needing to write anything down. Burgess

(1982) underscored the importance of the interview when he stated that the interview is the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience. And as observed by Sarantakos (1997), the interview is probably the most widely employed method in qualitative research.

The author played a key role in the interviewing process particularly while interviewing the senior government officers. He personally undertook to interview such calibre of officers because by tradition, they prefer being interviewed by someone who is mature in age and possibly one with some knowledge about government operations which qualities the author had. But because of the size of the sample, the researcher recruited two graduate research assistants to assist him in interviewing other respondents. Although the two assistants had some reasonable knowledge and skills in interviewing, they were taken through a two-day training exercise by the author. During this exercise, they were made aware of the objectives of the study, the issues under investigation and how to hold and record a successful interview. The respondents were fully appraised of: the objectives of the research; the confidentiality of the information imparted and the uses to which the information collected would be put.

The aim of the in-depth interviews was to explore the impact of SAPs on the national Ugandan economy and to seek explanations from the respondents for their opinions. The majority of the interviewees were willing to participate although quite a few were at times sensitive of the in-depth exploration of certain themes. Such a behaviour of sensitivity is quite common among public servants who are bound by their oath of secrecy not to reveal some information particularly that which may be considered controversial and sensitive to the existing political regime. To allay such fears, the researcher borrowed from Healey and Rawlinson (1994) by informing the respondents that they were at liberty to withhold any information which they considered confidential. This was intended to make them more relaxed and open in the information that they were willing to discuss.

As a large number of the respondents interviewed were busy senior officials, the researcher and his assistants ensured that the time-consuming requirements of the interview process did not result in a reduction in their willingness to take part in the exercise. At the beginning of every interviewing session, the interviewee was informed that the exercise would not take more than forty minutes and the interviewer tried to restrict himself within

that planned duration. This was made easier by the arrangement the researcher made to supply the relevant interview themes to respondents at least two days before the scheduled interview. This assisted in promoting the validity and reliability of the obtained information through enabling the interviewees to consider the information being requested and allowing them opportunity to consult supporting documents wherever felt necessary.

Focus group discussions (FGD) were used on 120 UMI students/participants and 20 members of the Institute's faculty. Group discussions aimed at a structured but informed exchange of knowledge, ideas and perceptions among the participants on the issues at hand. Their contributions were pooled together and examined in terms of their relevance and validity to the discussion objectives. Two open-ended and carefully worded questions were provided to the groups with the intention of generating an interesting discussion among the group members. The following were the questions:

- (i) What has been the impact (negative and positive) of Structural Adjustment Programmes on the economy of Uganda?
- (ii) What learning lessons can Uganda Management Institute obtain from the Structural Adjustment Programmes for its strategic development?

The group discussion method allowed more detailed responses to be developed. The fact that the participants who composed these focus groups were mature and working practitioners enabled the author to take advantage of their experiences on the Uganda economy and the SAPs in particular. They openly pointed out what they thought either positively or negatively impacted on Uganda as a result of the SAPs implementation. Of course the presence of several participants allowed for a variety of points of view to emerge and the groups to respond to and discuss these views. This helped to establish the credibility of this research where an attempt was made to overcome issues of bias associated with interviews in general.

As Devendra (2002) observed, a group discussion can turn into an endless debate unless it is properly organised and controlled. Therefore in order to manage the process of the group discussions properly, the author in addition to his personal participation in facilitating some of the focus groups engaged the services of some of his colleagues from the UMI faculty. The colleagues were thoroughly briefed about the objectives of the study by the author.



The role of the facilitators was to stimulate the group members, ensure that the focus of the discussion remained on the issues or the topic and encourage participation by most members of the group. The facilitator's role was also not to control the discussion but to guide it in a way that it remained on course. This was so because the ownership of the process and the contents were devolved to the group.

The author's facilitating experience and that of his UMI colleagues made this particular research method extremely useful in obtaining the respondents' ideas on the study theme. Each group of ten was handled by two people, where one facilitated the discussion and the other person made notes. The presence of two people in each group made it easier not to lose the potential wealth of ideas which was flowing from the group participants as the case would have been if each group was managed by one person.

The survey relied on "convenience" sampling on the basis of the accessibility and willingness of the interviewees without any attention to achieve randomness or statistical representatives. Thus strictly speaking the findings of this study have a bearing and relevance circumscribed to the sample and at most to the survey population consisting the groups mentioned above. As earlier stated, the people who were purposively sampled were considered to be reliable informants on the subject that was being investigated.

In order to gain access to the relevant organisations and people, a letter introducing the researcher to authorities at the data collection places was obtained from the Director of Uganda Management Institute (UMI). It helped in requesting cooperation which eased the data collection process as permission was granted to identify and use respondents. The same permission helped in getting access to libraries/resource centres from where relevant document could be sought. The fact that UMI is a well known institution of training, research and consultancy made it much easier to the author to access the relevant organisations since a number of respondents were known to him either as former students of the Institute or officials with whom he had interacted before at different fora. This assisted in building easy rapport between the researcher and interviewees and thus minimising the bias usually encountered in interviews by the parties involved. The use of research assistants who were in most cases not known to the respondents further contributed to minimising such interview bias.

One way to evaluate an initiative like structural adjustment is to compare results and objectives. This kind of information according to Esterly (2002) is informative because it measures success against the ex-ante benchmarks imposed by the policy-making institutions themselves and against the expectations they created.

An alternative way of assessing the effects of adjustment is the counterfactual approach: what would have happened without adjustment? As observed by Ismail and Lipton (2003), the “before and after” approach which is used to assess the impact of reforms traces the path of economic performance before adjustment and then compares it with post-adjustment performance, attributing the difference to the effects of the adjustment programme. A major problem with this approach is that it is difficult to control for exogenous shocks. This simple and after comparison cannot show that any element of adjustment – or the whole package has “succeeded” or “failed” – in changing some policy variable (e.g. cutting balance of payment deficit or reviving growth); such comparison fails to account for changes that would have occurred without adjustment.

A variant on this approach is the “with” and “without” method which Ismail and Lipton (ibid) also refer to as the “control group” approach involves comparing the performance of groups of adjusting and non adjusting countries” (Khan, 1990; World Bank, 1992 Kawani, 1995). The main problem with this method is also that there are variations in the actual adjustment package and the reforms implemented by these countries (Gibbon, 1996). Some of the adjusting countries may not have fully adhered to the conditions and implemented only part of the policies. Furthermore, different countries start from different positions. They face different conditionality, different sequencing of the reform process and so on. Differences in performance may also be to factors other than the adjustment policies. Some of the non adjusting countries have adopted part of the policy reform programme without any agreement with the World Bank and the IMF, whereas others (e.g. Botswana) did not need a formal adjustment programme.

In this particular study, and as it will be reflected in the coming chapters, the author attempted to use all the above mentioned methods but with background understanding that each methodology had strengths and weaknesses. Based on this approach therefore, the study is largely qualitative, but it is based on a wide enough variety of secondary and primary data, to enable us reach tentative conclusions.

### ***Lay-Out of the Learning Goal***

This Learning Goal consists of four chapters. Chapter One gives an introductory background to the study, the problem statement, study objectives, research questions and the general methodology. The second chapter makes a general analysis of the Structural Adjustment Programmes (SAPs) in Sub-Sahara Africa. It attempts to investigate the reasons which led to the introduction of SAPs in the region and the general impact it has had on the economies of the countries that were affected by its implementation. Chapter Three specifically investigates the SAPs impact on Uganda. And in line with the general objective of the doctoral programme the author is undertaking “to conduct a strategic analysis of the business environment in which Uganda Management Institute (UMI) operates”, the fourth and last chapter attempts to derive lessons for UMI resulting from the implementation of the Structural adjustment programmes.

## **CHAPTER TWO**

### **THE ECONOMIC CRISIS AND STRUCTURAL ADJUSTMENT IN SUB-SAHARAN AFRICA**

#### ***Introduction***

Over the past two decades, the majority of countries in Sub-Saharan Africa (SSA) have been marked by a massive transformation and restructuring of economic activities, the scale and speed of which are unprecedented. At the heart of this change is a shift in economic policies and organisational structures in favour of market forces and private enterprise, which in many countries followed the economic stagnation and debt crisis of the 1970s and 1980s. Many African countries have, since the early 1980s, been implementing, in various degrees, fairly comprehensive packages of policy reforms under the umbrella of structural adjustment programmes (SAPs) that were initiated, in most cases, and actively supported and funded by the World Bank and the International Monetary Fund (IMF). According to Bangura (1994) it is estimated that a total of 241 World Bank/IMF structural adjustment programmes were initiated by African governments between 1980 and 1989. By the end of the 1980s, only 8 African countries had not reached an agreement with these Bretton Woods Institutions (BWI), despite the relatively strong influence of Bank/Fund ideas in their development strategies (Jespersen, 1992).

The development record over the past 30 years has been mixed. The majority of Africans live in a world where more people than ever are poor. Misery and suffering are rampant and a greater percentage of the population find themselves in dire situations of deprivation and hopelessness. This suffering is against the background that the post-independence period was perceived by African countries as an opportunity to develop their economies which would have led to a better quality of life for their citizens. Industrialisation was perceived as an integral part of the development agenda. This industrialisation was expected to facilitate transformation of economic structure from predominantly agricultural economies. The share of industry in the economy was expected to rise, generate opportunities for employment, raise levels of productivity and raise incomes and standards of living of majority of the population.

The aim of this chapter therefore, is to investigate the reasons which led the unexpected decline and later to the economic reforms in Sub-Saharan Africa (SSA) and in particular to

the introduction of the structural adjustment programmes (SAPs). It attempts to assess the general impact such policies have had on the economic, social and political development of the programme implementing countries. It also makes recommendations on the appropriate way-forward.

### ***Roots of the Crisis***

Apart from a few exceptions like South Africa and Botswana (World Bank, 1994), the majority of African countries south of the Sahara experienced a serious economic crisis beginning with the mid-1970s. According to Obidegwu (1990), Asante (1991), Lopes (1999) and Tangari (1999) the litany of economic woes in the region was a long one. Drastic decreases had occurred in agricultural output despite the fact that most of these countries had a comparative advantage in agriculture. The decline was pronounced in both food production and in exports of cash crops. Manufacturing production had also gone down as had industrial capacity utilisation. The ILO (2000) and Tangari (1999) observed the fact that production falls led to acute balance-of-payments difficulties; exports declined while imports (particularly of food stuffs) rose. The World Bank (1986) laments that almost all Sub-Saharan countries were confronted with an endemic financial and debt crisis leading to external indebtedness and high debt-service obligations.

The growing debt crisis which hit the continent provoked acute financial distress (Lopes, 1999). The situation was aggravated by declines in export earnings due to the fall in commodity prices, and by the OPEC oil curtail that led to the global crisis in 1974. After growing at an average of 2.6 per cent a year between 1965 and 1974, the GDP per capita stagnated thereafter in most Sub-Saharan countries (World Bank, 1994). Africa's average per capita growth between 1965 and 1985 was the lowest among all developing countries. It is worth noting that Sub-Saharan Africa accounted for 3.1 per cent of global exports in the mid-1950s. However, by 1990 this share had dropped to 1.2 per cent, implying a trade loss of US\$65 billion (ILO, 2000).

The trend of decline was further emphasised by Obidegwu (1990) when he observed that since 1973, economic performance, measured by the growth of real gross domestic product (GDP), was on average, worse in Sub-Saharan Africa than in other regions of the world. The growth of GDP of Sub-Saharan African (SSA) countries dropped from 6.4 per cent in 1965 – 73 to 3.2 per cent in 1973 – 80. Within this average, some countries did better than

others but most countries experienced a decline in the growth rate of GDP in 1973-80 (World Bank, 1994). Naturally, the result of economic stagnation was the significant decline of the living standards of the people in many countries. This is explained by the available statistics which indicate that the per capita income in SSA in real terms in 1985 was less than its value in 1965 (Obidegwu, 1990; World Bank, 1994). However, although the theme for this study is on Africa, it should not be viewed as if SSA countries were alone on the economic decline wagon. Many developing countries in Latin America, for example Brazil, Mexico and Argentina, and other countries such as Hungary, Philippines, Poland and Yugoslavia faced very difficult debt servicing problems in the 1970s and 80s (World Bank, 1986). On the other hand, Southeast Asia presents a startling contrast. In 1965 Indonesia's GDP per capita was lower than Nigeria's, and Thailand's lower than Ghana's. Indonesia relied on oil as much as Nigeria did. Thailand, much like Ghana, was a poor agricultural country. Who could have predicted then that in 1990 Indonesia's GDP would be three times that of Nigeria? Or that Thailand would become one of the world's best performing economies, while Ghana would be struggling to regain its former income level (World Bank, 1994). The reasons for this contrast in development will be exploited later in the chapter.

What have then been the causes of Sub-Saharan Africa's economic decline. Of course as stated by Lopes (1990) and Tangari (1999) a number of causes contributed to the crisis and indeed economic deterioration is a product of many factors. However, these factors have tended to be presented in two analytically distinct ways: One emphasising domestic factors, the other stressing external considerations (Tangari, 1990). Although both domestic and external factors are intimately interlinked, scholars have tended to view them as mutually exclusive alternatives.

The World Bank and the majority of the western development partners (donors) strongly maintain that the main factors behind the stagnation and decline were poor domestic policies – both macroeconomic and sectoral – emanating from the development paradigm that gave the state a prominent role in production and regulating economic activity (World Bank, 1986; 1994). Overvalued exchange rates and large and prolonged budget deficits, the World Bank believes that they undermined the macroeconomic stability needed for long term growth. Furthermore according to the Bretton Woods Institutions, protectionist trade policies and government monopolies reduced the competition so vital for increasing productivity. In addition the state increased its presence in the 1970s, nationalising enterprises and financial institutions and introducing a web of regulations and licenses for

most economic activities. More important, the development strategy had a clear bias against exports, heavily taxing agricultural exports, one of the largest suppliers of foreign exchange.

As a policy, governments in independent Africa assumed a leading and wide-ranging interventionist role in their economies (Obidegwu, 1990; Onencan, 1994; Tangari, 1999). This intervention was encouraged by almost all governments after independence following import-substitution policies which required that the state play an active economic role. It also reflected widespread agreement that, in the absence of well-developed indigenous private sectors as well as the presence of substantial foreign economic ones, the state would play a particularly central role in directing development (Cadman, 1993).

Other internal factors which contributed to the economic crises in SSA in the 1980s included drought from 1980 – 1985, civil wars, constant changes of governments that led to economic waste and misdirection of priorities, liberation struggle in Southern Africa and the endemic corruption in the bureaucracies (Onencan, 1994; Fosu 1992, Barro 1991). In addition, as put by the World Bank (1994) human capital contributes a lot to fuel long-term economic gains. Simply put, countries with skilled people grow faster. The fact that Sub-Saharan Africa trails other regions in social indicators can thus help to explain its slow growth.

Factors outside Africa, though their importance is too often down played by World Bank/IMF also contributed to the region's decline of the 1970s and 1980s. The various adverse features of the international economic environment obviously impacted on the region. For countries highly dependant on the export of primary commodities, the relative decline in world commodity prices as well as in terms of trade proved naturally damaging for the African economies. There were also other additional constraints stemming from the external economy which have been observed by Cadman (1993) and Tangari (1999). They state that a major economic recession in the West in the late 1970s resulted in a sharp reduction in demand for Africa's exports which precipitated large declines in world commodity prices. In addition, the global price shocks such as the oil price rises of 1973 and 1974 were particularly harmful for most African countries which were reliant on oil imports. Such developments did not only influence Africa's economic performance negatively but also posed serious limits to the region's prospects for economic growth.

The circumstances discussed above placed the African countries in a tight and desperate situation. The countries had to seek financial assistance from the World Bank and IMF mainly because they could not get any assistance elsewhere (Asante, 1991). But since the World Bank and IMF only lend to “creditworthy” countries of the north, Africa countries would only qualify for these loans if they accepted to embrace the two institutions’ conditionalities. In other words, the African countries had to agree to the aid package which comes with strings attached in the names of structural adjustment programmes (Christian Aid, 1994). In essence, the World Bank and IMF became the primary lenders to most of the African countries and quite naturally made such assistance available on their own terms (Asante, 1991).

### ***The Restructuring Packages and their Objectives***

As a response to the economic difficulties that were being faced by a number of African countries, the World Bank and IMF introduced a policy-based lending instrument in support of the structural adjustment and growth of the recipients’ economies. In structural adjustment lending (SAL) programmes, the Bank provided balance of payments financing and the government implemented a policy reform package designed with the assistance of the Bank/IMF (Obidegwu, 1990). This array of monetary, budgetary, market and trade reforms have together come to be known as STRUCTURAL ADJUSTMENT POLICIES or SAPs.

The package varies in detail from country to country, but the main policies include: reducing the state’s role in the economy, lowering barriers to imports, removing restrictions on foreign investment, raising taxes, eliminating subsidies for food staples and for local industries, reducing spending for social welfare, cutting wages, devaluing the currency, and emphasising production for export rather than for local consumption (Lowis, 1994; Lopes 1999; The Independent, 2002).

Specifically, the structural adjustment programmes (SAPs) were implemented with the following major objectives:

- to restructure and diversify the productive base of the economy;
- to achieve fiscal and balance of payments viability i.e. the reduction or elimination of a balance of payments deficit;
- to lay the basis for a sustainable non-inflationary, or minimal inflationary growth;



- to lessen the dominance of unproductive investments in the public sector and improve the sector's efficiency, and intensify the growth potential of the private sector;
- to attain the resumption of higher rates of economic growth;
- to achieve structural changes that would prevent future payments and stabilization problems (Fidal Ezeala-Harrison 1993).

In operation, the SAPs entailed the following measures in the economy:

- international trade liberalization;
- removal of administrative controls and the enhanced role of market forces in production and distribution across all sectors of the economy;
- adoption of a "realistic" exchange rate for the national currency and the removal of restrictions on free currency exchange (convertibility);
- removal of all government subsidies (on essential consumer goods such as food, agricultural inputs, social services etc), and elimination of price controls;
- privatization of government enterprises and public firms and a general reduction of government interference in the national economy (promotion of free market principles);
- restructuring of tariff system and widening taxation base;
- active export promotion of all items (including food staples and raw materials) and general import restriction measures;
- reduction of government expenditures and elimination of disequilibria in the budget deficit;
- currency devaluation to encourage exports and rectify the balance of trade;
- free entry by foreign firms into domestic markets and elimination of trade barriers;
- slimming down public bureaucracies and general down-sizing of government;
- promotion of free market principles to stimulate efficient allocation of resources.

The above operational areas represent an outline of the basic recipe for restoring the country's economic structure.

The World Bank and IMF took as their model for proper economic functioning in Africa the classical free-market system, in which prices are set by supply and demand and profitable enterprises provide the engine of economic growth (Ashante, 1991). When they looked at Africa, they saw practices sharply at odds with this free-market model. Many of the large

industries were state-owned and not private-owned and a good deal of the agricultural products were bought and sold by government-run marketing boards at government-set prices. In many countries, a high percentage of these government enterprises did not operate efficiently or operated at a loss (Onencan, 1994; Riddle, 1992).

Similarly, the Bretton Woods Institutions which Ashante (1991) refers to as the world's most powerful financial institutions felt that in Africa, domestic food prices were often kept artificially low to make it easier for local people, especially those who lived in the cities to feed their families. The Bank/IMF reasoned that the governments could not finance the difference in prices. They further argued that raising the import duties on some imported products in the hope of giving local industries a competitive edge only made African industries less competitive.

Likewise, national currencies were, in the view of the World Bank and IMF, artificially maintained at high rates of exchange, which made imported goods much cheaper to buy and also made earnings from African exports in local currencies rather low. In the same way, budget deficits which have their origin in the dwindling earnings from exports were regarded by these institutions as undesirable. A balanced budget was regarded as a policy which must be pursued even if it results in lower expenditure in education in a continent with the largest illiteracy ratio and in slashing health expenditures in societies with the highest infant mortality ratios. Also the number of civil servants on government payrolls, in the judgement of the World Bank and the IMF, made for unnecessary bureaucracies and contributed to national budgets running in the red.

With the introduction of the SAPs in most of the Low Developed Countries (LDC) in the 1980s, policies were introduced to reduce the role of government as the largest employer and employer of the last resort (World Labour Report, 1989). In Africa, therefore, implementing civil service reforms became an integral part of the wider Economic Recovery Programmes (ERP) that were to be undertaken through the SAPs. With the introduction of the SAPs, the public sector of which the civil service is a component was to be liberalised and this arrangement involved restructuring and undertaking reforms. There were several reasons advanced for the adjustment process which included the following:

- (i) Public sector enterprises were becoming a heavy burden to the financial resources of government. For example in Tanzania during the 1980s half of the 350 state-owned

enterprises (SOEs) were running at losses and had to be salvaged from other public funds (Kikeri et al, 1992).

- (ii) Public enterprises had also become inefficient in their operations due to excessive bureaucracy and massive corruption. SAPs, therefore sought to restructure the public sector using market mechanism principles and this arrangement required embarrassing measures such as privatisation of state-owned enterprises, so that they would become more efficient and less dependant on government resources. According to Walters (1989), efficient public sector employment conveyed various meanings. Efficiency would mean increasing outputs from existing inputs, increasing workers performance so as to meet specified targets, reducing inputs to produce existing outputs, improving quality of outputs and increasing productivity.

Ideally, as stated by the International Labour Organisation (ILO, 2000), SAPs involve the freeing of markets so that competition may help to improve the allocation of resources, adjust prices and create a climate that allow business to respond to price signals in ways that increase the return on investment. Adjustment is based on the assumption that free markets are efficient, leading to the optimal allocation of resources. Another assumption is that static optimisation leads to dynamic long-term growth. It is assumed that all organisations operate with full knowledge of all possible technologies, equal access to these technologies, and the ability to use technology efficiently without risk, cost or effort. Technical inefficiency is due only to management incompetence and would exist if governments intervened to create barriers to trade or competition. No activity that is efficient would die, and none that is inefficient would survive. The demise of inefficient activities, it is assumed, would release productive resources for others that are efficient.

The World Bank and IMF argue that SAPs are necessary to bring a developing country from crisis to economic recovery and growth (Obidegwu 1991; Asante 1991; Baines 2001). They believe economic growth, driven by foreign investment, to be the key to development. The resultant wealth, they claim, will eventually "trickle down" or spread throughout the economy and eventually to the poor. SAPs are not designed to achieve social well-being (Mhane, 2002). Multilateral agencies and other donors simply hope that applying free market principles to a developing economy will improve social welfare in the process. This process of adjustment, as described by many World Bank and IMF officials to developing countries, is one of "sacrifice" of "present pain for future hope" (Loxeley 1989; Riddel 1992; Lewis 1994; Danaher 1994; ILO 2000).

We should remember that since SAPs were supposed to facilitate balance of payments correction, the structural adjustment loans were intended to end after a period of several years of adjustment (Easterly, 2002). As the initial McNamara documents put it, structural adjustment lending entailed “an association with a borrower in a programme of structural change over three to five years which will require financial support (World Bank, 1981).

### ***Adjustment packages in some countries***

The African economic crisis naturally attracted the attention of the former Organisation of African Unity (OAU) (now African Union). There had been collective counselling on how to deal with the crisis in Africa beginning in 1980 with the OAU summit meeting of African Heads of State and Government to the launching of the Lagos Plan of Action for the Economic Development of Africa 1980 – 2000 and the final Lagos Plan of Action (Barwa, 1995). In addition, there was the “United Nations Programme of Action for African Economic Recovery” 1986 – 1999 (UN-PAAERD) in which the African leaders put in additional efforts to restore the economic status of the African countries which culminated in the Khartoum Declaration of 1988. This Declaration recognised human development both as a means and an objective to development and proposed practical measures for strengthening and further developing human capacities.

At the time when such formal pronouncements were being made, a number of African countries started experimenting with structural adjustment programmes for the rehabilitation/development of their national economies. The measures central to most structural adjustment programmes adopted by countries in the Sub-Saharan Africa were: reduction/removal of direct state intervention in the productive and distributive sectors of the economy, restricting the state’s responsibility of an institutional and policy framework conducive to the mobilisation of private enterprise and initiative (Sawyerr, 1988). This, it was believed, would give freer play to both internal and external market forces and provide the appropriate engine for a resumption of economic growth and development. Within this very broad framework, adjustment measures adopted by these countries included the following salient mechanisms: reduction of public expenditure, increase of domestic savings, rationalisation of state-owned enterprises, liberalisation of the economy, export

promotion and promotion of private foreign investment (Shaw 1988; Liemt 1984; Goldsbrough 1996).

By early 1992, 78 countries had accepted the World Bank adjustment programmes, and many others had introduced essentially the same policy frameworks without formal agreement with the Bank (Mosley and Weeks 1993; Musa 2002). Between June 1986 and July 1987, twenty one of the Sub-Saharan countries, including almost all East African nations, were rushed or forced to adjust, with or without pressure and support from the World Bank and IMF. Even countries such as Tanzania, long a symbol of opposition to the agency, came to terms with the IMF (Stein, 1992).

Table 2.1 shows the number of countries which were implementing one or a combination of the structural adjustment programmes as at the end of 1987.

**Table 2.1**

Number of Countries Implementing Structural Adjustment Programs by March 1987

(Classified by type of reform)

Type of Programme	Number of Countries Implementing Programme
Decontrolling producer prices	10
Freezing of public service vacancies	20
Elimination of public agricultural marketing agencies or permission of private competition	13
Handing over the importation of agricultural inputs to the private sector	7
Privatisation of public enterprises	14
Substantial increase in producer prices	21
Reduction/elimination of agricultural input subsidies	14
Reduction or elimination of food subsidies	8
Realignment of exchange rates	16
Adoption of floating market rates	7

**Source:** *Based on a table in David Fashole-Luke, "African Development Management Reform: Political and Socio-cultural constraints vs. the Neo-classical Imperative." (Paper presented at the International Conference on the Challenge of Economic Recovery and Accelerated Development, Abuja, Nigeria, 15 – 19 June 1987).*

It is now common knowledge that almost every country in Sub-Sahara Africa has, liberalised its economy. For instance, in the United Republic of Tanzania, producer prices of maize, rice and export crops were raised and subsidies were reduced on fertiliser and maize. The shilling was devalued. Reforms in the civil service were introduced and new company laws were enacted including on banking and financial institutions (Etukundo, 2000). In Nigeria, IMF suggestions included a reduction in aggregate federal capital spending, removal of subsidies on petroleum and fertiliser, reduction in grants, subventions and loans to public enterprises, cessation of transfers to state governments to encourage financial discipline and a review of the Customs Tariff Structure and establishment of an institutional mechanism for tariff review. They also included a review of the industrial incentives and policies and phasing out of the Approved User Scheme, an upward review of interest rates, a devaluation of the Naira, the promotion of non-oil exports and privatisation and commercialisation of public enterprises (Goldsbrough 1996; World Bank 1997; Sarris and Shams 1991).

In Zambia, actions taken under the Policies Programme and Actions for Restructuring of the Economy of Zambia included the removal of subsidies on maize and fertiliser, doing away with price controls, restoration of financial discipline and accountability and reduction of budget deficits and inflation. They also included overhauling the Companies Act, ensuring that Zambia State Insurance Corporation no longer monopolised the insurance business and Zambia National Building Society did not continue to monopolise the real estate business, privatisation and reorganisation of the Export and Import Bank, the Bank of Zambia and the Export Board of Zambia (Etukundo, 2000).

Similarly, in Ghana, the IMF/World Bank/Ghana Policy Framework Paper of July 1988 – June 1991 comprised 100 clusters of strategies and measures in the area of external sector policies (exchange and trade reform), monetary policy and financial sector reform, fiscal policy, state enterprise reform, public sector management and sectoral policy reforms in agriculture, industry and mining, health and education (Weissman, 1990).

### ***An Appraisal of Structural Adjustment***

The author agrees with Harsch (1993), Adebayo Adedeji (1999) and Noorbakhsh (1999) that right from the beginning, SAPs have been highly controversial in Africa. There have been advanced various criticisms revolving around a number of points, of varying concern from

one country to another. They have stressed poor economic performance, showing that few short-term gains were evident, even by the standard macroeconomic indicators favoured by the two International Financial Institutions (IFI). Surprisingly, as early as 1989, the World Bank had claimed that adjusting countries in Africa were experiencing significantly higher growth rates than non-adjusting countries (World Bank, 1989). This was however immediately contested by the UN Economic Commission for Africa (UNECA), and other analysts, who exposed the Bank's weak statistical case and showed that many adjusting economies were not in fact growing more quickly (UNECA 1989; Harsch 1993). Some of the analysts argued that structural adjustment did not really address the underlying structural distortions in African economies. Analysts like Soludo (2003) believe that after over two decades of acrimonious debates and tons of evaluation reports, there is an increasing convergence of views that SAPs have not worked, and as designed, they are grossly defective as a policy package for addressing the problems of underdevelopment in the region. And according to Tshibaka (2003) it is a fact that the failure of SAPs to improve the economic situation in Sub-Sahara Africa (SSA) is now recognised both explicitly and implicitly by the opponents and designers of this policy reform package. As one of the most seasoned African economists put it "the continent (SSA) has the dubious distinction of being the only developing region of the world that experiences zero average per capita growth over the last thirty years, including negative growth rates over the last two decades (Elbadawil, 1995). And as it will later be reflected, by mid-1980s, negative impacts of SAPs began to emerge as falling real incomes, higher cost of living and reduced government spending on social services produced a severe deterioration in the living standards of the majority of Sub-Saharan Africa.

The general performance of SAPs can be quickly explained from Table 2.2 which is derived from Easterly (2002). The table depicts the macroeconomic experience of the top 20 recipients of adjustment loans, as measured by total number of adjustment loans from the IMF and the World Bank over 1980 – 1999. It shows the macroeconomic outcomes averaged over the period from their first adjustment loan to 1999. The summary of the statistics reveal that these intensive recipients of adjustment lending had about the same macroeconomic outcomes as the developing country sample. Easterly (2002) observes that contrary to the objective of "adjustment with growth", the intensive recipients of adjustment loans had the same near-zero per capita growth rate as the overall developing country sample. It is also further noted from Table 2.2 that the intensive recipients had the same

current account deficit, the same government deficit, and the same black market premium and inflation rate, and the same near-zero real over valuation and real interest rate.

Table 2.2: Successes and failures of repeated adjustment lending (all data refer to averages for period from first adjustment loan to 1999 for top 20 countries in adjustment loans)

	Adjustment Loans 1980-1999	Per Capita Growth Rate	Current Account Balance/GDP	Government Balance/GDP	Black Market Premium (%)	Inflation Rate	Real Overvaluation (+)/ Undervaluation (-)	Real Interest Rate (%)
<b>AFRICA (RANKED FROM WORST TO BEST GROWTH RATES)</b>								
Niger	14	-2.3%	-7.6		2%	2%	19%	15%
Zambia	18	-2.1%	-12.3	-13.4	77%	58%	135%	-10%
Madagascar	17	-1.8%	-7.3	-3.5	21%	17%	-25%	9%
Togo	15	-1.6%	-6.3	-3.0	2%	5%	5%	10%
Cote d'Ivoire	26	-1.4%	-6.7	-1.3	2%	6%	62%	13%
Malawi	18	-0.2%	-11.1	-7.8	38%	23%	1%	3%
Mali	15	-0.1%	-9.9	-6.5	3%	4%		11%
Mauritania	16	0.1%	-9.4		85%	7%	94%	3%
Senegal	21	0.1%	-8.5	-4.5	2%	5%	20%	9%
Kenya	19	0.1%	-3.5	-4.5	15%	14%	9%	8%
Ghana	26	1.2%	-4.2	-1.0	36%	32%	-48%	-16%
Uganda	20	2.3%	-7.4	-3.1	96%	50%	-47%	-18%
<b>OTHER DEVELOPING COUNTRIES (FROM WORST TO BEST GROWTH RATES)</b>								
Bolivia	17	-0.4%	-6.8	-1.6	31%	91%	36%	-20%
Philippines	19	0.0%	-2.8	-2.0	6%	11%	-21%	6%
Jamaica	18	0.4%	-5.4	-12.6	20%	20%	-2%	7%
Mexico	20	0.4%	-1.9	-3.9	10%	41%	-36%	3%
Argentina	30	1.0%	-2.4	-1.8	23%	164%	11%	-5%
Morocco	22	1.1%	-3.3	-5.7	4%	6%	-4%	2%
Bangladesh	18	2.4%	-2.8	0.0	93%	6%	-41%	7%
Pakistan	20	2.7%	-3.4	-6.9	12%	8%	-48%	1%
Min top 20	14	-2.3%	-12.3	-13.4	2%	2%	-48%	-20%
Average top 20	19	0.1%	-6.1	-4.6	26%	24%	-3%	1%
Max top 20	30	2.7%	-1.9	0.0	96%	164%	135%	15%
AVERAGE all developing countries	7	0.3%	-6.0	-4.6	32%	32%	1%	0%

**Source:** Easterly W (2002) + WB and IMF sources



Easterly (2002) provides another informative statistic about intensive adjustment loan recipients. That is, how many of them became recipients of debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. The HIPC Initiative is a comprehensive approach to debt reduction for heavily indebted poor countries pursuing IMF-and World Bank-supported adjustment and reform programmes. As at September 2003, debt reduction packages had been approved for 27 countries, 23 of them in Africa (Global Policy Forum, 2004). The IMF and World Bank declaring a country eligible for debt relief is an admission that past loans, including adjustment loans, did not bring enough current account adjustment and export and GDP growth in that country to keep debt ratios within reasonable bounds.

The former Executive Director of the UN Economic Commission for Africa (UNECA), Adebayo Adedeji (1990), who is therefore well placed with the African economic development trend, believes that the problem with SAPs is that, right from the beginning, it had a rather limited and superficial comprehension of the nature of underdevelopment in general, and the African political economy in particular. He argues that it was based on a "vision of a unified, simple structural adjustment model crafted and guided by the platonic guardians of the World Bank and the IMF and dutifully implemented by the helots of Africa as the quick, sure route not merely to rescue growth but also to sustainable economic development".

As a result, Lopes (1999), Stein (1999) and Harsch (2002) note that many African countries have not returned to the socio-economic standards that they enjoyed in the 1970s. In some countries, even with upward trends, growth rates are below what is needed to make a dent in the accumulated problems of unemployment, marginalisation and poverty that began before the introduction of SAPs. That is why the special session of the UN General Assembly on International Economic Cooperation from 23 to 28 April 1990, concluded that SAPs had in many instances, exacerbated social inequality without restoring growth and development and with threats to political stability (The Independent, April 09, 2002). And to make it more disappointing, the brunt of the programmes had been acknowledged by the Assembly to fall on the poorest of the poor who have been repeatedly urged to tighten their non-existing belts. So while to the World Bank and IMF, SAPs meant economic growth and development, to the poor in developing countries those three letters often seemed to donate "Suffering and Poverty" (Independent, ibd).

An examination of long-term trends in real per capita growth of individual SSA countries shows a persistently low and declining per capita income growth. The decline has persisted since the 1970s with median average growth rates falling from 1.24 per cent in the 1970s to minus 1.31 per cent in the first half of the 1990s (Soludo, 2003). Moreover, the proportion of SSA Countries with positive per capita income has fallen from 66 per cent in the 1960s to 62 per cent in the 1970s, and further down to 48 and 31 per cent in the 1980s and 1990s respectively (Elbadawi and Ndulu, 1995).

Table 2.3 attempts to portray the tragedy of the adjustment effort. It reflects the fact that even for the narrow economic objective of growth in real per capita GDP, the record of SAPs has been rather disappointing.

**Table 2.3: Growth in real per capita GDP of selected African countries**

No.	Country/Years	1960-94	1960-75	1975-85	1985-94
1.	Botswana	4.4	6.12	5.57	0.23
2.	Lesotho	3.72	5.91	2.49	1.44
3.	Seychelles	3.65	2.57	5.45	3.46
4.	Cape Verde	2.83	0.15	8.25	1.25
5.	Mauritius	2.48	1.61	1.5	5.02
6.	Swaziland	2.07	5.24	-1.57	0.84
7.	Congo	1.76	2.79	4.95	-3.49
8.	Gabon	1.59	8.07	-3.21	-3.89
9.	Tanzania	1.49	2.99	-0.69	1.41
10.	Kenya	1.12	1.83	-0.39	1.6
11.	Cameroon	1.05	1.95	5.47	-5.36
12.	South Africa	0.92	3.06	-0.58	-0.97
13.	Togo	0.89	3.46	0.38	-2.83
14.	Guinea-Bissau	0.88	2.85	-1.69	0.47
15.	Namibia	0.84	3.5	-3.06	0.75
16.	Nigeria	0.84	3.66	-1.57	-1.2
17.	Malawi	0.64	1.95	0.18	-1.01
18.	Ethiopia	0.64	1.16	-0.2	0.68
19.	Zimbabwe	0.6	2.06	-0.96	-0.1
20.	Guinea	0.48	0.39	0.36	0.77
21.	Burkina Faso	0.37	-0.19	1.74	-0.2
22.	Mauritania	0.36	1.15	-1.26	0.84
23.	Gambia	0.28	1.33	-0.06	-1.09
24.	Ghana	0.27	0.1	-1.43	2.43
25.	Uganda	-0.05	0.23	-1.35	0.91
26.	Mali	-0.14	-0.71	1.43	-0.94
27.	Senegal	-0.23	-0.14	0.33	-0.01
28.	Cote d'Ivoire	-0.35	3.18	-1.81	-4.61
29.	Benin	-0.37	-0.3	0.51	-1.44
30.	Niger	-0.45	0.75	-0.62	-2.24
31.	Mozambique	-0.62	0.14	-4.48	2.39
32.	Burundi	-0.91	-2.37	1.65	-1.32
33.	Central African Republic	-0.98	-0.3	-0.97	-2.12
34.	Zambia	-1.22	1.74	-4.53	-2.46
35.	Sierra Leone	-0.29	0.62	-2.62	-2.14
36.	Angola	-1.64	-1	-0.42	-4.06
37.	Chad	-1.94	-1.63	-3.71	-0.5
38.	Rwanda	-1.98	1.14	1.74	-11.34
39.	Madagascar	-2.11	-1.23	-2.59	-3.04
40.	Comoros				-1.93
41.	Liberia		1.77	-1	
42.	Somalia		-0.48	-1.98	
43.	Sudan			-0.15	0.85
44.	Dem. Rep. Congo		1.48	-3.65	
	Average	0.51	1.59	-0.11	-0.83

**Source:**

*Dani Rodrik, Trade Policy and Economic Performance in Sub-Saharan Africa.  
NBER Working Paper No. 6562 (May 1998).*

A quick analysis of Table 2.3 above reveals that 28 African countries had a negative growth in real per capita GDP on average between 1975 and 1985; and 25 between 1984 and 1994. Contrast this with the performance between 1960 and 1975, when 9 countries had a negative per capita growth rate. For the entire period 1960 to 1994, the number of countries with a negative per capita real GDP growth was 15. Overall the cumulative impact of these two decades of forced retreat in that Sub-Saharan Africa (SSA), with about 10 per cent of world population, now accounts for only 1 per cent of its total output and trade. And it is for this reason that Adebayo Adedeji (1999) laments that to all intents and purposes, SSA has become disconnected from the rest of the world. It currently harbours over 30 per cent of the world's poor and it was projected that this would rise to well over 40 per cent by the beginning of the new millennium. At present 60 per cent of SSA's population is poor, as compared to 30 per cent in developing countries over all (World Bank, 1997).

After making the above general assessment of SAPs on the Sub-Sahara African economies, it is now appropriate that we review some specific sectors with a view to assessing the impact SAPs have had on them.

### ***Employment***

Structural adjustment and reduced employment opportunities in Sub-Saharan Africa (SSA) have been close companions. The stabilisation-cum-adjustment programmes which were put in place and designed to arrest the decline in job creation and improve the overall employment situation (ILO, 1999) failed to achieve their intended objectives. The ILO (1999) attributes this development to a combination of slow economic growth rates (despite the SAPs), a rapid growth of population and labour force combined with slow formal/wage employment growth. In addition, the declining per capita incomes produced limited opportunities for adequate employment creation. At the same time the ILO reveals that during the 1990s the labour force was increasing at an annual growth of about 3-3.5 per cent per annum or more in Eastern Africa and 2.5 per cent in Southern Africa. From the demand side, which is dependent on the structure and growth of the national economies, slow economic growth and little structural change were reflected in declining or stagnating levels of wage employment, decreasing real wages and deteriorating living conditions for about 30-50 percent of the population. The situation was compounded by negative effects of increased debt burden and deteriorating terms of trade with some countries spending more than half of their export earnings for external debt servicing.

We should not however overlook the fact which Musa (2002) sufficiently stresses that generally speaking, SAPs in Africa have resulted in massive redundancies in various countries resulting in massive unemployment. This was a natural consequence of some of the standard measures dictated by World Bank and IMF. Such conditionalities as already discussed included a reduction in public expenditure in order to control the deficit, retrenchment of the public sector employees, economic liberalisation, currency devaluation and privatisation of public enterprises. In Ghana for instance, which started SAPs early 1980s and which the World Bank claims to be a success story, the numbers of retrenchees were as high as 90,000 between 1985 and 1990 (Musa, 2002). Spectacular numbers continued to be laid off from single enterprises. For example, 10,400 workers were laid off from Cocomod; 1,322 at Ghana Railways and 1400 from State-owned fishing enterprises (Ashante et, al 1992). Obviously, many more were declared redundant in other countries. It is however, not a very easy task in Africa to obtain access to most of the labour market information statistics particularly those relating to levels of unemployment. As Hopkins (1983) observed, this is partly so because unemployment is difficult to measure in developing countries-and is, in fact, rarely measured on a consistent basis – but also because there are conceptual, statistical, resources and political problems. The poorest countries do not have the level of skilled manpower or the funds to carry out comprehensive labour force surveys and censuses, while politically the publication of unemployment data is always a sensitive issue.

In considering the social implications of the SAPs a question that should not be lost sight of is the problem of unemployment, serious even in “normal” times, but exacerbated by the adjustment reforms. Declining rates of economic growth in the face of a constant expanding labour force have inevitably meant more unemployment. In most African countries, this takes mostly the form of urban, educated youth unemployment. UNECA calculates that unemployment and underemployment in developing Africa has now risen to about 45 per cent of the labour force (Eshetu, 1991), and the trend will continue if present economic conditions persist. This represents a staggering waste of human resources as well as a breeding ground for a host of social problems usually associated with widespread unemployment. Estimates of unemployment for Sierra Leone, Tanzania and Zambia indicate that wage employees now constitute an average only about 16 per cent of the urban labour force (Jamal, 1993). Formal wage employees are not only a minority even in a highly

urbanised country like Zambia, but the incomes and social benefits that accrue to them have dropped dramatically (Chew, 1990).

In a study by the ILO of 28 countries for which data was available, 27 showed considerable declines in real wages (30 per cent on average) in the 1980s. The real minimum wage fell by 20 per cent during the same period. Public sector wages fell faster than those in the private sector (ILO – JASPA, 1990). The share of wages and salaries in total public expenditure declined by about 14 per cent in a period just over seven years during the 1980s (Robinson, 1990). Furthermore, there has been a sharp trend towards a compression of salaries and wages in a number of countries as wages lose their significance in the political economy. The study by ILO – JASPA of real starting salaries found that they fell in all 14 countries surveyed, and the lowest and highest grades narrowed considerably over ten-year period in 11 out of 17 countries surveyed (ILO – JASPA, 1990).

The embargo on the expansion of the civil service coupled with the mass retrenchment of personnel are a corollary of budget reductions. However, as expressed by Wamalwa (1991), they have adversely affected the motivation, morale and productivity of officials. The situation has not been helped by the ceiling imposed on salary increases and by the freezing of vacancies. The incentive to “put in a fair day’s job” has been undermined as a result of the feeling that the employee is not getting a fair day’s pay. In such circumstances, palms have got to be greased to “expedite” action on urgent matters. The “less” corrupt officers particularly the professionals have ended up spending official working hours moonlighting as a means of supplementing their meagre salaries. Obviously, this is not good for the institutionalisation of the noble ethics of the civil service.

Furthermore, the view that after retrenchment a less number of officers can provide the same services efficiently because of proper utilisation of personnel and the fact that one has got rid of deadwood and lazy workers could be valid. Its validity, however, depends upon the fulfilment of other conditions such as provision of adequate incentives in the form of good salaries and allowances, regular supply of tools, and intensive in-service training. The author is however in agreement with Nti (1991) who stated that in many African countries engaged in economic recovery programmes, this is not the case. And the total effect of such tendencies is the failure to make service delivery efficient and effective which was a major force behind the adjustment reforms.

Generally speaking, it is widely believed that SAPs in Africa have brought about great hardship on workers with few tangible economic successes to compensate (Free Labour World 1992; Musa 2002). Following the abolition of price controls, prices of goods and services skyrocketed. To add to the problem, the commercialisation of public utility services had substantially increased the charges of services such as electricity, education and health which used to be rendered by the public sector at subsidised rates. Munene (1995) noted that a familiar scenario in African countries such as Nigeria, Uganda and Zambia, that have introduced SAPs is the failure of organisations to look after their employees. Salaries are less than a living wage and other basic necessities such as adequate health allowance are not covered. There is a break in the psychological contract between employer and employee accompanied by frustrated aspirations, diminished organisational commitment and institutionalised and non-institutionalised corruption at all levels. Naturally, such tendencies effect negatively both organisational and workers productivity.

### ***Social Services***

Many in Africa have criticised structural adjustment for its negative social implications (Harsch, 1993). Drastic austerity was demanded in social spending and domestic policies to demonstrate an impoverished nation's fiscal responsibility. This translated most directly into fewer social services for the poor, the elimination of consumer subsidies for basic food staples and public transportation, schools without teachers or textbooks, and health clinics without nurses or medicine.

According to Ismail (2003), the economic crisis preceding structural adjustment in most of Sub-Saharan Africa meant significant cuts in education and health budgets, with serious consequences on the quantity and quality of social service provision. Thiesen (1994) argues that sustainability of education and health services have been negatively affected by expenditure cuts. In Ghana, hospital attendance fell from 198,000 in 1979 to 117,000 in 1983, while child mortality increased from 21 per cent in 1970 to 25 per cent in 1985. Child malnutrition also rose from 30 per cent in 1970 to 50 per cent in 1985. In Zimbabwe, reduced availability of health services and the introduction of user charges adversely affected the health of the poor household. It is worth noting that such expenditure cuts on vital social services was a fundamental departure from the public's expectation of the government's role. This was so because a major feature of the immediate post – colonial period in Africa and Asia was that the state became the major instrument for social

transformation. Equity and social justice in social sectors like health and education were landmarks during that period. Health was accepted both as a product and contributor to economic and social development (Independent, 2002).

The UN Economic Commission for Africa (UNECA, 2000) has revealed a general lack of progress in the social sector development of the African low developing countries (LDC) all of which are experiencing SAPs. In the education sector for instance, as much as 59 per cent of population are illiterate, the primary school enrolment is about 68 per cent and the mean year of schooling is roughly 1.2. The main causes of morbidity and mortality are still neo-natal-related health hazards, malaria, measles, acute respiratory infection (ARI) and diarrhoeal infections, some of which have been eradicated in other developing countries. Statistics show that there is one medical doctor for every 18,000 people, one nurse for every 2,300 people and one hospital bed for every 880 persons. The average government expenditure on education and health as a percentage of the total budget is 8.7 and 7.4 percent, respectively (UNECA, 2000).

There is also some evidence of deterioration in the nutritional situation in a number of countries undertaking macroeconomic adjustment (Ismail, 2003). Using results of a survey on nutritional status of pre-school children, Pinstrup-Andersen (1989) concludes "adjustment policies either had negative effects or were unable to counter negative effects caused by other factors. In either case there is cause for concern".

Indeed the social and economic consequences of free-market reforms have been dramatic. Of course as the UNDP (1995) observed, the adjustment model assumed that austerity measures would be imposed only for a short period of time, and that vulnerable groups could be protected from their worst effects. Economic growth was supposed to follow soon after the stabilisation of the economy. If the beneficial effects of this economic growth did not reach everyone directly, it was expected that growth would at least provide the resources necessary for compensatory measures and transfer programmes, so that all would benefit at least indirectly.

### ***Agriculture and Environment***

The agricultural sector being the mainstay of the majority of the Sub-Sahara African countries, was deliberately one of the targets of the adjustment reforms. And to assess the



impact of SAPs on agriculture, Ismail (2003) suggests that an important question concerning the sustainability impact of adjustment on agriculture is whether it has encouraged agricultural intensification. Has it made intensification of agriculture more profitable to farmers by encouraging more intensive use of modern agricultural inputs? Has it encouraged the use of more input-intensive techniques? To the extent that adjustment encouraged use of modern inputs such as fertilisers, it can be argued that it has contributed to agricultural intensification and therefore to an increase in the value of agricultural exports.

To the contrary, the UN Economic Commission for Africa (UNECA, 2000) in its review of the progress achieved by African least developed countries since the implementation of SAPs noted a decline in the agricultural sector. UNECA observed that agriculture, which absorbs more than 50 per cent of the labour force and contributes an average of 37.8 per cent to GDP in the African LDCs, declined by 2.6 per cent per annum during the period 1990-1994. And during the same period manufacturing output recorded an average annual growth rate of minus 2.1 percent.

In many countries, the removal of fertiliser subsidy was an integral part of agricultural sector reforms, which apparently affected the prices and use of fertilisers (Ismail and Lipton, 2003). A number of studies have concluded that the removal of fertiliser subsidies reduced the consumption of fertilisers in some of these countries (Cleaver and Donovan 1995; Gibbon 1992; McPherson 1995; Richardson 1996). In Cameroon, Kenya, Mali, Mozambique, Sierra Leone and The Gambia, price liberalisation did not contribute to agricultural intensification. For example, in Kenya where the fertiliser reform policy was aimed at encouraging agricultural intensification, its consumption almost halved (Ismail and Lipton, 2003). One of the main reasons was the increased cost of imported inputs (e.g. fertilisers, pesticides, machinery and farm tools), alongside a failure by the government to implement liberalisation that would have increased prices for crop outputs. In The Gambia as a result of higher fertiliser prices and a restricted credit system with more stringent requirements, fertilisers use fell sharply (Jabara, 1990). From 1984 to 1987 overall fertiliser use dropped more than 50 per cent. In Cameroon, significant cuts in producer price during adjustment together with removal of subsidy meant a sharp drop in fertiliser consumption (Blandford et. al 1994).

It is disappointing that Africa has failed to diversify export structures under SAPs. Stein (1999) notes that in the absence of the required investments, there has been little diversification of production and exports in Sub-Saharan Africa. After many years of "adjustment" there is very little "vertical" diversification (i.e. shift towards processed commodities and manufactures), while "horizontal" diversification (i.e. diversification within the primary commodity sector) has not generally been successful. Four out of five African countries still depend on two commodities for over half of their export earnings (UNCTAD, 1993). In 1970, 92 Per cent of African exports were primary commodities and the World Bank (1993) noted that the figure was exactly the same in 1991. Clearly, SAPs have limited the ability of African countries to move up the more developed agricultural and industrial ladder. Similarly, the removal of food subsidies caused real increase in food prices. In Mozambique for example, the removal of food subsidies caused a 400 to 600 per cent increase of food prices making it less affordable to the majority of the poor (The Independent, April 09, 2002). And as Stein (1999) rightly observed, today, food security remains a critical issue.

Likewise, SAPs have had their ecological consequences. Despite claims to the contrary, the World Bank and IMF have paid little or no attention to the environmental impact of SAPs. A number of comprehensive studies have clearly demonstrated how SAP policies have led to increased environmental destruction, dislocation and displacement (World Development Report 1990; UNECA 2000; The Independent, April 2002). This is so because adjustment policies call for increased exports to generate foreign exchange to service debt. African countries' most important exports, including timber, oil and natural gas, minerals, cash crops, and fisheries, are all derived from natural resource extraction. The resulting acceleration of resource extraction and commodity production is not ecologically sustainable. Deforestation, land degradation and desertification, soil erosion and salinisation, biodiversity loss, increase in water-borne disease, the flooding of immense tracts of productive land, and air and water pollution are but a few of the long term environmental impacts that can be traced in the imposition of SAPs. In addition, SAP reduced government cut backs meant less money for enforcement of environmental regulations.

### ***The misery from poverty***

The aspect of structural adjustment that has perhaps drawn the greatest criticism within Africa has been its immediate and painful impact on people's incomes, living standards,

health and overall social conditions (Harsch 1993; Ali 1995). As previously discussed, currency devaluation and cuts in subsidies have reduced agricultural productivity, brought higher prices for many basic consumer staples, including food and fuel. And indeed as Harsch (1993) revealed, trimming of the civil service rolls and the liquidation of privatisation of state enterprises have increased unemployment levels, often dramatically, and forced many former public employees into the burgeoning informal sector. Government spending cuts, dictated by a drive to balance accounts, have usually landed the hardest blows on the "soft" social sectors i.e. education and health leaving them out of the poor's reach.

The impact of SAPs on poverty has become an issue of intellectual debate and controversy. Some have blamed SAPs for mass poverty in Africa (Obidegwu, 1990). Not surprisingly, the World Bank has been a major contributor to the SAPs-poverty debate. Up to 1995, it is reported that the Bank published 24 relevant reviews on poverty issues and completed 22 poverty-assessment reports on Sub-Sahara African countries, with three poverty-assessment draft reports for Niger, Nigeria and Lesotho (Ali 2003). Such assessments are no doubt an undeclared acceptance by the World Bank and IMF that SAPs cannot be completely absolved from the causes of the biting poverty in Africa. The declared policy on poverty assessment reports is to have such reports completed for every country in which the Bank has an active lending programme (World Bank 1995). And in addition, as noted by Ali (2003), since 1993, three annual "status reports on poverty in Sub-Saharan Africa" have been issued to "inform members of the Special Programme of Assistance". Such massive research output, which include theoretical contributions, model simulations and empirical studies, seems to have been directed at establishing a non-existent result that "adjustment programmes" did not hurt the poor in Africa, and that "more adjustment rather than less adjustment" is needed for poverty reduction.

The World Bank (1990) and Ravallion (1994) define poverty as the "inability to attain a minimal standard of living". This definition is similar to the convention on the absolute poverty line which appears to be the most relevant in Sub-Saharan Africa. In this respect, the absolute poverty line is defined as the cost of basic food items deemed essential to attain some recommended food, is the allowance for non-food items thought to be crucial for living in a social context without feeling shame (Ali 2003). In a review carried out by the UN Economic Commission for Africa (UNECA, 2000), it was unearthed that as much as 60 per cent of the population in the African LDCs live below the poverty line. The review further emphasised that the magnitude and severity of poverty has been exacerbated by the

negative impact of adjustment programmes, especially the elimination of subsidies and public sector retrenchments which have led to both higher prices of basic consumer goods and widespread unemployment.

In fact as early as 1987 the macroeconomic emphasis of SAPs was shown to have been inconsistent with the long-term development interests of the region. Special attention was drawn to the negative impact of these policy measures on the poor and the vulnerable sections of the population (Cornia et al. 1987). On the basis of such criticism later versions of the policy package started to pay attention to these aspects, leading to a revival of interest in the analysis of poverty (Ali, 2003). Thus for example, Squire (1991) identified the issue of the impact of SAPs on poverty as one of the most important debates of the 1980s.

It is a well known fact that the majority of the people in Sub-Saharan Africa live in a rural setting. And there is empirical evidence that such rural dwellers have been hit hard by the adjustment programmes. Ali (1993) provides direct evidence about the behaviour of Sub-Saharan Africa (SSA) rural poverty during the second half of the 1980s. Using information provided by IFAD, 10 SSA countries were classified according to World Bank conventions as "intensely adjusting" (Kenya, Malawi, Tanzania, Zambia, and Ghana), "Other adjusting" (Gambia, Mali and Gabon) and non-adjusting (Lesotho and Ethiopia). For each of the ten countries the head-count ratio as a measure of poverty is reported by IFAD for 1965 and for 1988 (see Jazairy et al, 1992). For the intensively adjusting countries it was found that rural poverty has increased from 56.6 per cent in 1965 to 62.4 per cent in 1988. similarly, for the "other adjusting" countries, the index of rural poverty increased from 45.1 per cent in 1965 to 60.7 per cent in 1988. The corresponding absolute number of the poor increased from 18.2 million to 36.2 million for the intensively adjusting group and from 2.3 million to 5.1 million for the "other adjusting" group. In contrast, the head-count ratio for the non-adjusting group decreased from 65.8 per cent in 1965 to 43.6 per cent in 1988 and the absolute number of the poor remained constant around 17 million (Ali 2003). Obviously, from the above results it can be comfortably concluded that such evidence suggests that SAPs have had something to do with the behaviour of poverty in Sub-Saharan Africa. This evidence is apparently supported by the World Bank (1990) in its report on poverty where the Bank noted that "with few exceptions, the evidence supports the conclusion that poverty in Sub-Saharan Africa is severe and has been getting worse".

It is surprising that even those countries which the World Bank has referred to as “success stories” with regard to the adjustment policy package are faced with rampant poverty. This is demonstrated by the United States Congress review of adjustment in three selected countries – Ghana, Senegal and Cote d’Ivoire (US Congress, 1989; Lopes 1999). Ghana and Senegal were regarded as models of the Structural adjustment approach favoured by the two International financial institutions (IFI) and USAID. The study revealed that while adjustment led to rising per capita growth, it produced little enduring poverty alleviation. In fact, according to the study, certain adjustment policies worked against the poor: real per capita income of the overwhelming majority stagnated, adjustment-related fiscal constraints reduced public social expenditure in basic social services, privatisation failed to fulfil its promise, and unemployment grew due to harsh liberalisation.

It is also important to note that as a result of the rampant poverty in the region, no savings can be expected. Consequently, Sub-Saharan Africa gets caught up in the vicious cycle of poverty. The World Bank (1994) itself confirms that despite the reforms undertaken by many African countries in the last two decades, there is little evidence of these having a major impact on savings and investment in countries. Only a couple of reformers saw modest improvements in their savings. For example, Ghana which is among the World Bank favourites, has had very low average domestic saving rate of about 5 per cent of GDP for the same period. For the entire region, gross domestic savings averaged only 8 per cent of GDP in the 1990s, compared to 23 per cent of Southeast Asia and 35 per cent in the Newly Industrialised Economies of Korea, Hong Kong China, Singapore and Taipei China. Aside from being generally low, saving rates have shown consistent decline over the last thirty years in most countries, seldom exceeding 15 per cent of GDP. Where rises have been seen, these have been very modest (Aryeetey and Udry 2000).

### ***The Debt Burden***

After two decades of structural adjustment, which were introduced to address the debt problem in the early 1980s, debt has continued to spiral in Sub-Saharan Africa. The International Labour Organisation (ILO, 2000) revealed that of the 40 countries classified as heavily indebted, 33 are in Sub-Saharan Africa. Africa Action (2004) laments the fact that Africa is the world’s poorest region, and most of its people live on less than US\$1 a day, but African countries owe US\$300 billion in foreign debt. This is indeed a huge financial burden on the people of Africa.

The debt situation and its impact on the African countries was well expressed by Adebayo Adedeji (1999). He stated that the debt burden has been so severe to ordinary people in the debt-distressed countries, that its destructive impact is comparable to that of war. The only difference is that children and pregnant women are dying, rather than soldiers and instead of millions of wounded, there are millions of unemployed. The war-like impact of debt is tearing down schools, hospitals and the fabric of societies.

The debt repayments to the rich country governments like the United States and Britain and to international financial institutions, like the World Bank and the IMF rob US\$15 billion from the continent every year (Africa Action 2004). This money could be used to provide health care, education and other social services to millions of people. But it is instead taken away by foreign governments and institutions as part of the repayment of the debts incurred under the adjustment programmes. Zambia's debt profile between 1985-1995 is a good example of the debt treadmill which the poorest countries find themselves unable to exit despite structural adjustment. Zambia's total debt in 1985 was US\$4.5 billion. Between 1985 and 1995, US\$5.6 billion was repaid, but the country's debt in 1995 stood at US\$6.8 billion (Lopes, 1999).

Several studies have concluded that in no part of the debt-ridden world is the debt burden more devastating than in the Sub-Saharan Africa, whose economies are extremely fragile and overwhelmingly dependent on the export of one or two commodities for earning foreign exchange which is then used to make debt repayments. And unfortunately, demand for these commodities has been falling, or has at best stagnated in the face of significantly increasing supply with prices plummeting (Eshetu Chole 1991; Riddell 1992; Danaher (ed) 1994; UNECA 2000). Consequently, debt has thus become the major obstacle to Sub-Saharan Africa's development and competitiveness.

As observed by Sachs, Botchwey, Cuchra and Sievers (1999), many of the highly indebted poor countries (HIPC), the majority of which are in Sub-Saharan Africa, service their debts at the cost of widespread malnutrition, premature death, excessive morbidity, and reduced prospects for economic growth. If the resources were freed up and successfully redirected towards basic human needs, there could be significant improvements in human welfare. Take the case of Zambia, for example, which spent more than 30 percent of its national budget on debt payments each year throughout the 1990s, while spending roughly 10 per

cent on basic social services (Sachs et al, 1999). The Zambia Government annual health expenditures per person are estimated to be US\$17, while the G7 governments spend around US\$2,300 per person in health care. In Zambia, 20 per cent of the population is now HIV positive, and it is estimated that around 9 per cent of Zambian children under 15 have lost a mother or both parents to AIDS. Half of all Zambians have no access to safe drinking water. Roughly 30 per cent of children remain unvaccinated. The infant mortality rate stands at 112 per 1000 births. Life expectancy has dropped to 43 years, and is expected to decline still further as AIDS continues to take its toll (Human Development Report 1999). Obviously, Zambia is not alone in this shocking state of affairs.

President Olusegun Obasanjo of Nigeria while speaking at the 58<sup>th</sup> session of the United Nations General Assembly in New York (September 2003) presented his views and those of other African heads of state on the debt burden. Speaking on the continent's debt burden, President Obasanjo said:

*" Other areas which we hope the international community will address with determination include the problem of external debt. This continues to be a major obstacle to the development of my country and many other African countries. It is evident that the various initiatives by the international community on debt relief and debt management have neither been able to address nor to solve the problems. While appreciating the efforts by the international community in the Heavily Indebted Poor Countries (HIPC) initiatives, we must observe that these have not provided adequate responses and solutions to their problems, let alone those of heavily indebted middle-income. Countries like Nigeria, for whom no special debt relief mechanism exists, as it was successfully established, for instance, for countries in Eastern and Central Europe. Nigeria, therefore, believes that bolder steps must be taken to resolve the heavy debt burden, that for a large number of countries, has become unsustainable and a hindrance to development (Vanguard, Nigeria, September 24, 2003).*

The HIPC Initiative was first launched in 1996 by the IMF and World Bank, with the aim of ensuring that no poor country faces a debt burden it cannot manage. The Initiative entails coordinated action by the international financial community, including multilateral organisations and governments, to reduce to sustainable levels the external debt burdens of the most heavily indebted poor countries (IMF, 2003). To be considered for HIPC Initiative assistance, a country must:

- face an unsustainable debt burden, beyond traditionally available debt-relief mechanisms;
- establish a track record of reform and sound policies through IMF-and World Bank – supported programmes; and
- have developed a Poverty Reduction Strategy Paper (PRSP) through a broad-based participatory process.

There is certainly no doubt that the above conditions which a country must meet in order to qualify for debt relief under the HIPC Initiative are SAPs-induced. What is even more surprising is that despite the HIPC Initiative, receiving countries are bound to work within the reform-dictates of the World Bank and IMF. Such a requirement is likely to end up into a mere recycling of the SAP-induced problems to the poor Sub-Sahara African countries.

On the basis of the way in which Africa's debt crisis has been handled since the 1980s, two conclusions are inescapable. The first is that the current mega-debt has taken on a special significance. It is no longer simply a question of money but of people's lives and survival. The second conclusion is that debt has become a major political instrument, used by the creditor nations and institutions. As Adebayo Adedeji (1999) observed, debt has diminished the sovereignty of the debtor and has put the creditor in a position of overwhelmingly dominant power. Politics, as we know fully well, is the allocation and exercise of power. Until Africa's debt problem is solved by unconditional write-off of most of it, the competitiveness of the African economies will remain in jeopardy.

It is only fair however at this stage to mention how Africa has partly contributed to the SAPs' failure. As noted by Baines (2001), the World Bank and IMF have already failed to live up to their lofty expectations, but Africa herself is not a blameless victim in the series of botched development schemes. The best managed programmes have no chance of success when a country is toiling in corruption and civil war. Zimbabwe complained that the World Bank has placed politics before economics by cutting aid. But the Bank has rightly withdrawn much of its support because President Mugabe poured those aid funds into his personal war in the Congo. Former Zaire's abundant natural resources would have made her the economic engine for Central Africa, if not the whole continent. Today the Democratic Republic of Congo owes more than US\$14 billion to various lending agencies, including the World Bank. But as many Congolese businessmen have expressed "..... There are no roads, no schools and no one did anything here in thirty years" (Adekambi, 2001). And to worsen the situation, many loans being repaid by African countries were made to corrupt leaders. Africa Action (2004) provides the example of the Democratic Republic of Congo (formerly Zaire) where dictator Mobutu Sese-Seko received more US aid than the rest of Sub-Saharan Africa combined during the Cold War, even though it was known that this money was being diverted to his Swiss bank accounts. The people of DRC should not now have to pick up the tab for loans from which they saw no benefit.



## **CHAPTER THREE**

### **UGANDA AND THE STRUCTURAL ADJUSTMENT PROGRAMMES (SAPs)**

#### ***Introduction***

Uganda, like the majority of other Sub-Sahara African countries has been implementing an ambitious programme of macroeconomic adjustment and structural reforms since 1987. This has been possible with the strong support from multilateral and bilateral creditors and donors led by the World Bank and the International Monetary Fund (IMF). This chapter therefore makes an attempt to analyse the impact of the economic reforms that have been pursued by the Uganda Government on the people of Uganda. As discussed in the previous chapter, the aims of SAPs are to change the economic environment and viability of sustainability of the economy. Obviously, the implementation of such programmes are likely to influence the structure of demand for management skills and management education. Accordingly, the relationship between SAPs and managerial skills and management education will be investigated with specific reference to the Uganda Management Institute (UMI) Strategy.

The Republic of Uganda is a landlocked country situated in equatorial Africa. It is bordered by Sudan to the North, Kenya to the East, Tanzania and Rwanda to the South, and the Democratic Republic of Congo (DRC) to the West. The country has a total area of 236,000 square kilometres – about one seventh of it are waterways, swamps and lakes. Most notable among those is the River Nile and its source, Lake Victoria (shared with Kenya and Tanzania). Uganda for the most part lies at or above 1,200 meters. Though not well-endowed with minerals or fossil fuel, the country has rich soils and favourable climate for agriculture. The population, estimated at 26 million, lives primarily in the rural areas; consequently, agriculture is the mainstay of the economy, accounting for more than 50 per cent of GDP, 75 per cent of export earnings, and 80 per cent of employment (Uganda Bureau of Statistics 2003).

Although this chapter analyses the impact of SAPs on Uganda, data limitations make this a far from simple task. From the outset it should be noted that, like other Sub-Sahara African

countries, Uganda lacks a series of house-hold level data (World Bank 1996). While Uganda has completed several useful surveys in a short period of time, and others are underway to bridge the gap, these data may be limited in capturing the evolution of SAPs over time. The available data will however be useful in providing an acceptable overview of SAPs and their impact on Uganda and its people.

### ***Historical Background***

It is widely accepted that at the time of independence in 1962, Uganda's was one of the fastest growing economies in Sub-Saharan Africa, with a sound agricultural base, developing industries, and a significant mining sector (Baffoe 2000). Uganda had a buoyant economy, an efficient civil service and fairly democratic political system (Jamal 1987, Ellyne 1995)). Endowed with good climate, the country was not only able to feed itself, but had surplus for export (Onencan 1994). Agriculture was an important foreign exchange earner, through the export of coffee, cotton and tea. As the survey carried out in 1989 revealed, agriculture was and is still accounting for over 70 per cent of the GDP and employs over 80 per cent of the population (Manpower Survey 1989). The manufacturing sector produced inputs for the agricultural sector and consumer goods, and was becoming a significant source of foreign exchange through the export of textiles. According to Loxeley (1989), Uganda had an embryonic industrial base accounting for over 10 per cent of monetary GDP and a significant mining sector in the 1960s.

The positive economic growth of Uganda is well illustrated in Table 3.1. The country had an average growth rate of 5.1 per cent (World Development Report 1978). Subsistence production accounted for no more than 30 per cent of total output (Kitabire 1994) and a fairly low and stable cost of living (Mubazi 2000). The rate of inflation was 3 per cent over the 1961 – 70 period (World Bank Report 1978). The economy recorded a high rate of savings averaging 15 per cent per annum which helped finance internal investment (Dumba-Sentamu 1995). All sectors of the economy had positive growth rates and there were no balance of payments problems, inflationary pressures, shortages of any kind and parallel market activities (Ochieng 1991).

**Table 3.1: Uganda's Basic Structural Features and Developments  
1950-1981 (Average Annual Growth Rate (%))**

FEATURES/YEAR	1950 - 60	1960 - 70	1970 - 1981
Population Growth	2.8	3.0	2.6
Gross National Product (GNP)	3.3	5.6	-1.6
Gross Domestic Product (GDP)	3.3	5.6	-1.7
Export of Goods & Non-factor services	2.3	5.2	-9.1
Imports of Goods & Non-factor services	4.9	6.3	-7.7
Private Consumption	3.9	5.6	-0.2
Gross Domestic Investment (GDI)	4.3	7.5	-16.4
Consumer Price	-	3.9	36.0
Implicit GDP Deflator	2.7	3.2	44.7

**Source:** *World Bank (1983)*

An additional positive economic indicator was the transportation system which was regarded as one of the best in Sub-Saharan Africa and consisted of effective network of road, water, rail and air transport. Favoured with a healthy economy and a stable government, the country was therefore able to make significant socio-economic progress in all aspects and as indicated in Table 3.1, was able to enjoy a steady economic growth averaging 5 per cent per annum between 1962 and 1971 (World Bank 1993).

In addition to the conducive and relatively stable political system, a number of other factors account for the sustained pace of economic development in the period 1962 – 71 (Mutibwa 1992). Rural production contributed over 50 per cent of total GDP and there was a significant increase in the diversification of rural economic activities in this sector. The growth of manufacturing industries played a major role in the sustenance of economic development in the 1960s. By 1971 industrial output was accounting for 14 per cent of the monetary GDP (Kitabire 1994). Indeed the initial years after independence demonstrated the economic potential of the country.

### ***The decline and need for reforms***

The positive trend in the economic growth of the 1960s was halted when the military regime of dictator Idi Amin Dada came to power in 1971 (Jamal 1976; Onencan 1994; Bibangambah 1995). As Baffoe (2000) has remarked, the Amin years from 1971 – 79 marked a major turning point in Uganda's economic policies, unfortunately for the worse, often verging on the arbitrary and including pervasive state intervention, typified most blatantly by the declaration of an "Economic War" in August 1972 against the Asian minority (Sharer et al 1995; Ochieng 1991). The declaration of the "economic war" aimed at putting control of the economy in the hands of Ugandans led to the departure of many non-citizens who were the backbone of commerce, industry and commercial agriculture (Kirunda – Kivejinja 1995). Naturally and as observed by Mubazi (2000) this created a managerial and entrepreneurial vacuum and gave rise to hostile external relations with Uganda. Expatriates and high level national manpower also left the country. The inexperienced soldier businessmen and women were left to run down the economy. The poor leadership, insecurity and political atmosphere leading to several armed confrontations redirected resources away from productive ventures to war objectives (Mutibwa 1992). The economic conditions were exacerbated by rigid price fixing and controls, fixed exchange regimes and inefficient marketing arrangements (Kitabire 1994).

As can be observed from Table 3.2, the increased military and other expenditures between 1970 and 1980 led to fiscal deficits that averaged Ush 14.4 million per annum. Such deficits were financed through domestic borrowing, causing the money supply to increase from Ush 16.7 million in 1970 to Ush 185 million in 1980 (see Table 3.2).

**Table 3.2: Selected Economic Indicators, 1960 – 80**

<b>A. 1960 – 70 and 1970 – 80</b>	1960 – 70	1970 – 80
Real GDP growth (%)	5.2	-1.64
Inflation (%)	3.0	30.0
Budget deficit (million Ush)	-	14.4
Growth in exports (%)	5.0	-8.5
Growth in imports (%)	6.2	-9.8
<b>B. 1970 and 1980</b>	<b>1970</b>	<b>1980</b>
Broad money supply (million Ush)	16.7	185.0
Current account balance (million US\$)	20.0	-18.0
External debt (million US\$)	128.0	669.0
External debt servicing as a % of exports	3.4	11.9
Gross international reserves (million US\$)	57.0	17.0
Real producer price of coffee (1972 = 100)	97.0	48.0
Nominal exchange rate (Ush per US\$1)	0.0714	0.0757
<i>Sources: World Bank: World Development Report, 1982; World Bank: World Tables, 1993; IMF: International Financial Statistics, 1993; Loxley, 1989.</i>		

Obviously, inflation was a predictable outcome, rising from 3 per cent for 1960 – 70 to an average of ten times as much in the next decade. The raging inflation cut the real price of the principal export crop, robusta coffee, by almost half between 1970 and 1980 (Baffoe 2000; Kasekende 2000). This, combined with a deterioration in the infrastructure, led to a decline in exports, with an 8.5 per cent decline between 1970 and 1980 compared to a 5 per cent growth in the previous decade. The decline in export revenue was compounded by cutbacks in bilateral aid as a sanction against the notorious acts of the Amin regime. Imports declined by almost 10 per cent annually between 1970 and 1980, compared to a growth of 6 per cent between 1960 and 1970. Given Uganda's reliance on imports, the cutback in imports finally reflected in a declining economic growth of minus 1.6 per cent between 1970 and 1980 compared to 5.2 per cent between 1960 and 1970. The decline in export revenue also impacted on the balance of payments and external debt. By 1974 it had become clearer that the economic war was not the correct policy to solve the socio-economic and political problems of Ugandans. And as Tumusiime-Mutebire (1997) correctly remarked, during the 1970s and 1980s, Uganda became renowned as the "sick man" of Africa.

By the time President Yoweri Kaguta Museveni and his National Resistance Movement (NRM) assumed power, in 1986, Uganda had become one of the poorest countries in the World (Baffoe 2000). The NRM inherited an economy in shambles. The infrastructure was in a sorry state of disrepair and the new administration had urgent rehabilitation and emergency relief work to do; considerable resources were obviously needed to clear the backlog (Mugenyi 2001).

By 1986 real Gross Domestic Product (GDP) had declined by 14 per cent in comparison to the early 1970s (Tumusiime-Mutebire 1997). Agriculture, the driving sector of the economy had been disrupted by gross distortions in the pricing and marketing system, lack of inputs and the displacement of farmers from the land as a result of civil strife. Industry enterprises lay abandoned. In the social sector, neglect of essential services, particularly health and education, had contributed to the severe decline in the standard of living for the majority of the populations and institutional capacity had been weakened by disruption and continual crisis management.

The initial objective of the NRM Government when it came to power in 1986 was the rehabilitation of the economy and society that had been traumatised during the previous 15 years; and then once the economy had picked its pre-Amin regime level, to create conditions of social and economic stability that would ensure the long run development of the economy (ILO 1995). But during the first year of its administration the NRM Government realised that it would need more than the available meagre internal resources to meet the country's rehabilitation and development challenge. That notwithstanding, NRM's philosophical attitude towards the IMF, a potential source of funding, was a lot more focused than its domestic economic policy initiatives. The NRM's disposition towards the IMF was one of studied caution, even avoidance. The new leadership and certainly President Museveni, believed that once order had prevailed in the country, economic recovery would be initiated and sustained without necessarily involving IMF (Mugenyi 2001). The economic policy of the new government was to promote "an independent, integrated and self – sustaining economy (NRM Ten Point Programme 1986). This policy was at variance with what the government perceived to be the imperialistic stance of the World Bank and IMF (Onenkan 1994). However, due to the deep economic crisis the government found itself in, it was forced to sign an agreement with the two institutions which enabled the government to obtain the badly needed financial support. Consequently,

between 1987 and 1993, the government implemented a number of structural adjustment programmes (SAPs) under which a number of economic reforms were undertaken.

### ***The introduced SAPs measures***

As earlier mentioned, when the NRM came to power in 1986, it initially intervened heavily in the economy. This intervention however, exacerbated the existing distortions and shortages. For example an inflation rate that had in the previous year been at 130 percent rose to about 356 percent by the end of 1986 (ILO 1995). To avert the continuation of this adverse experience, in May 1987 the NRM Government sought the World Bank and IMF "bitter" assistance in the implementation of the Economic Recovery Programme (ERP) as part of the structural adjustment programmes (SAPs). The broad objectives of the programme included the reduction of the internal and external imbalances as well as the rehabilitation of the economy and acceleration of the rate of economic growth. These objectives were to be achieved by the following measures:-

- a) devaluation of the shilling and liberalisation of the foreign exchange market;
- b) management of imports programmes;
- c) liberalisation of the export sector and the domestic trade;
- d) increase in the state's fiscal discipline by reducing the size of government and its dependence on domestic bank credit; tightening of expenditure control and monitoring; reducing of recurrent expenditure, and increasing of civil servants' salaries to raise their morale;
- e) widening the tax base, improving tax administration and reducing dependence on external budgetary support;
- f) divesting and rehabilitating public enterprises;
- g) reducing of the monetary expansion;
- h) adjustment of interest rates to encourage savings;
- i) liberalising agricultural products trade and facilitating the importation of agricultural inputs;
- j) increasing and strengthening the financial institutions' supervision and regulation;
- k) encouraging the extensions of local bank credit to local importing firms in order to facilitate the importation of essential commodities;
- l) allowing qualifying exporters to repatriate export proceeds dividends, royalties and other fees;

- m) reconstructing and rehabilitating the social and economic infrastructure (ILO 1995; Loxeley 1985; Ochieng 1991; Lateef 2001).

Among the SAPs measures outlined above, this particular study highlights specific measures which are considered to have greater relevance to UMI's strategic objectives and whose impact on Uganda will further be investigated. Such measures include the Public Service reforms (PSR) and the privatisation measures.

*(i) Public Service Reform (PSR)*

When Uganda gained its political independence in 1962, its public service system ranked among the best in Africa (Langseth 1997; Mubazi 2000). By the late 1980s however, after years of civil strife and economic mismanagement, the public service sector had become weak and bloated. The public service reform programme was therefore intended to reverse the decay and mismanagement that had afflicted the institution for almost two decades. The Public Service Review and Reorganisation Commission (PSRRC) set up in 1989 found out that the Uganda Public Service had a bloated structure, was overstaffed by unqualified persons, and was generally inefficient (PSRRC Report 1990). The key problems identified were:-

- a) inadequate pay and benefits;
- b) poor management skills;
- c) dysfunctional civil service organisation, and
- d) inadequate personnel management and training

With the new government came a strategy shift toward macroeconomic stabilisation. Its reform agenda called for private sector development and smaller but more effective government achieved through public service reforms.

The first public service reform strategy for the period 1992-1997 and which is of great importance to the Uganda Management Institute was designed to address seven areas, namely:-

- a) rationalisation of Government structures and functions including decentralisation of powers to the district;



- b) rightsizing the public service;
- c) pay reform through a salary enhancement programme and monetisation of non-cash benefits
- d) personnel and establishment control;
- e) improvement of records management
- f) introduction of Results Oriented Management (ROM) and
- g) capacity building (Civil Service Reform 1993)

The overall objectives of Uganda Public Service Reforms as explained by one of the interviewed officials from the Ministry of Public Service which steers the reforms, were therefore meant to:

- a) improve the general service delivery to the public
- b) improve financial viability in the short and medium term;
- c) strengthen capacity; and
- d) reverse the progressive decline in public service efficiency and effectiveness.

The achievement of the above objectives calls for a number of collective hands and as will be discussed later, the Uganda Management Institute can be a major player towards their attainment. This is so because developing sustainable leadership and management capacity for driving social and economic transformation is one of the major challenges facing Uganda today. Successful social transformation is contingent on effective use of human, financial and material resources. This in turn, is dependent on building requisite knowledge, skills and competences in essential areas to generate the required developmental outcomes. And this is in line with the Institute's mission and strategy.

As one of the means of achieving the above reform objectives, Uganda embarked on a Public Service retrenchment exercise in 1992 which led to a number of public servants leaving the service as can be seen from Table 3.3. The reasons for retrenching staff included the following, among others: one of the conditions for the World Bank and IMF stabilisation and structural adjustment policies was to undertake public sector retrenchment so as to reduce government deficits, inflation and balance of payments disequilibria since the public sector took the bulk of wage bills and subsidies. Another reason for retrenchment of government employees lay

in underemployment of workers that was attributed to inadequate budgetary provisions for operational and maintenance costs which forced most employees to be idle. The solution to this problem according to SAPs provisions was retrenchment of idle workers. Another compelling reasons for retrenchment lay in the inadequate salaries and wages of employees that were eroding workers' morale leading to inefficiency, high level of absenteeism increased moonlighting and corruption. According to SAPs provisions, it would therefore be rational to retrench some employees which would in turn allow for increases in salaries and wages of employees left after the retrenchment exercise.

**Table 3.3: Uganda Public Service Retrenchment**

<b>Date</b>	<b>Ministries, Police and Prisons</b>	<b>Teaching Service</b>	<b>Total</b>
January 1990	-	-	320,000
June 1993	98,326	116,006	214,332
December 1993	74,926	95,838	170,764
June 1994	61,854	99,190	161,044
December 1994	50,906	96,141	147,047
June 1995	48,194	92,633	140,827
December 1995	34,192	89,046	123,238
June 1996	34,391	90,067	124,458
December 1996	33,563	93,370	126,933
June 1997	32,483	91,759	124,242
December 1997	31,206	93,458	124,664
<i>Source: Ministry of Public Service Files</i>			

As indicated in Table 3.3, public service employees in Uganda totalled about 320,000 in January 1990. By the end of 1995 after government had merged several ministries and regraded jobs, the number of central government employees fell by more than half, to just over 123,000. Two years later, this number rose by about 2,000 owing to an increase in the number of primary school teachers hired under the Universal Primary Education (UPE) programme, launched early 1997. Deep cuts in the number of traditional service and

support staff offset this increase as the number of ministries declined from 34 in the early 1990s to 22 in 1997. It is worth emphasizing that retrenchment of government employees has had adverse effects on the affected employees which are discussed in the next chapter. Some of the effects as will be later discussed, have implications to UMI's Strategic Plan and objectives. The Institute can become an active partner in reducing the suffering of the affected retrenched employees by developing relevant programmes and research initiatives intended to equip them with the necessary knowledge and skills which would in turn enable them to develop alternative means of earning a living.

### ***Privatisation***

With the instability and civil strife of the 1970s and early 1980s and the expulsion of the Asians (under the economic war), coupled with the high propensity to create public enterprises, through nationalisation and government's entrepreneurship, the private sector in Uganda naturally suffered. As a remedy, in 1987 and as part of the economic recovery programme (ERP), the privatisation of government business holdings was proposed and implemented. These included virtually all varieties of business from hotels, factories to commodity marketing agencies like Coffee Marketing Board, Produce Marketing Board and Lint Marketing Board.

Under the structural adjustment programmes (SAPs) the Uganda Government adopted a three prolonged strategy to reform the parastatal sector. Such strategies were:-

- (i) liquidate non-viable enterprises whose continued support could not be justified;
- (ii) divest those enterprises which would operate more efficiently in the private sector; and
- (iii) restructure the operations of those enterprises remaining in the public sector to improve their efficiency.

The above policies and strategies show increasing reliance on the private sector to be the engine of sustainable growth. Policy measures such as: deregulation of the banking sector, elimination of exchange controls, trade liberalisation, privatisation of public enterprises

incentives under the Investment Promotion Code, the return of Asian seized properties, rehabilitation of basic infrastructure etc have created a new enabling environment for private sector enterprises to emerge and grow. Under this broader notion of privatisation, the government is encouraging business, community groups, cooperatives, private voluntary organisations, small enterprises and other non-governmental organisations to offer or to participate in providing a wide range of services. And arising out of this policy several state owned enterprises (SOEs) have been divested as shown by the trend of privatisation in Table 3.4 and many new ones have been set up. By June 2002, the government had sold off almost 70 percent of the state enterprises to the private sector (MFPED, 2003).

**Table 3.4: Uganda's Privatisation as at 2002**

Year	No. of PEs Divested
1993	6
1994	9
1995	19
1996	13
1997	21
1998	3
1999	5
2000	7
2001	2
2002	3
<i>Source: Privatisation Unit. <a href="http://www.Perds.go.ug">www.Perds.go.ug</a></i>	

The poor performance of the previously state owned enterprises (SOEs) in Uganda is well known and is commonly attributed to many factors including ineffective management and entrepreneurial skills (Lateef 2001; Muhumuza 2002). There is no immediate guarantee that the privatised enterprises will automatically be better managed unless those manning them have the necessary managerial skills. Already, there is evidence derived from the interviews held by the author with government and trade union officials that some of the divested enterprises lack adequate skills in a number of managerial disciplines like human resource management, customer care, financial management and accounting, information and communication technologies (ICT) etc. The existing managerial performance gaps in those

enterprises are therefore of great significance to UMI as it will be discussed in the next chapter.

As already observed, with the implementation of the SAPs, the role of the State in the economy was reduced while the private sector was enhanced. As elsewhere, the World Bank and IMF technocrats anticipated that once government pursued market reforms and efficiently managed the economy this would bring about economic growth (Muhumuza 2002). It was hitherto assumed that macroeconomic growth and prudent management of domestic resources would consequently have a “trickle down” effect on the population. Put differently, the benefits of economic growth were anticipated to translate into improved standards of living of the ordinary people. Up to now the principal objectives of the government’s Reform Programme remain sustaining high and broad-based economic growth and ensuring that the poor are able to participate in, and benefit from increased economic activity. Several government officials and those from the Bank of Uganda and the World Bank Office in Kampala consistently expressed this view to the author. What has really happened and of what implications to UMI’s strategy will constitute the theme in the next section.

### ***Discussion and synthesis of findings***

This section attempts to interpret and synthesise the findings of the study in accordance with the qualitative and analytical approach suggested in the first chapter. In this regard, the section documents both the secondary and primary data derived from secondary sources and the in-depth interviews and focus group discussions (FGD) held by the author as explained in the methodology section under chapter one of the study. The survey results are discussed in terms of direct or indirect impact, and the frictional or structural impact of the structural adjustment programmes (SAPs) on the Uganda economy. Specifically, the section addresses issues relating to the public service, privatisation, employment and the informal sector. In addition, poverty and the debt burden are analysed. The final chapter discusses the impact of SAPs on the managerial skills and management education with emphasis to the Uganda Management Institute (UMI) strategic development.

## ***An Overview***

An important feature of the respondents was that the greatest majority had knowledge about the existence of SAPs. One would have thought that non-government respondents who were members of the Federation of Uganda Employers (FUE), and trade union officials from the National Organisation of Trade Unions (NOTU), plus the student-participants would have shown limited knowledge of SAPs as they were not directly responsible for the programmes' implementation. All the FUE members and trade union officials interviewed and 104 (87 per cent) of the 120 participants in the focus groups answered in the affirmative to the question whether they were conversant with the SAPs which had for sometime been implemented by the Uganda Government. Even the remaining 16 (13 per cent) group participants were just "not very sure" but not completely ignorant of the programmes. The background knowledge over SAPs was considered important and necessary because it reflected that respondents were adequately knowledgeable to contribute to the other related interview questions.

On the other hand it was interesting to note that the respondents reacted differently when asked to state the general objectives of SAPs. While respondents from government ministries and officials from the World Bank office gave *"improving the economy"* as a major objective, the majority of the respondents in the focus groups and the trade unions officials held different views as to what were the SAPs' objectives. The following common objectives were identified by these groups as being the major reasons for introducing the adjustment policies:

- *to make profitable business for the World Bank and IMF*
- *to fight communism in Africa*
- *to fight the economic crisis*
- *to recolonise Africa*
- *to help poor countries recover from poverty*
- *to reduce government involvement in the economy*
- *to obtain raw materials from Africa.*

The different responses outlined above which came from the various focus groups are revealing. Although the official objectives like *"fighting the economic crisis"* and *"reducing government involvement in the economy"* were given, the majority of the reasons reflected a general disapproval of the SAP's introduction. Giving objectives like *"making profitable business for World Bank"* and *"recolonising Africa"* reflected the respondents' bitter feelings that the adjustment policies were mainly introduced to benefit the financiers i.e. World Bank and IMF

and not the recipient countries. And if the trade unions respondents and the focus groups could be taken to represent the ordinary Ugandans on the streets and in the rural communities, it is possible that the ordinary person would see no direct benefit for him or her derived from the SAPs. They view SAPs as having benefited the World Bank and IMF plus the politicians and senior government technocrats whom they believe are mere “agents” of the two world financial institutions. It is therefore not very surprising as discussed later in this chapter, that many respondents had negative views as to the benefits Uganda as a country had achieved from implementing the adjustment policies and programmes.

The implementation of SAPs as a prerequisite for obtaining financial support from multilateral and bilateral donors has had both positive and negative effects on the general Uganda economy. Consequently, respondents expressed mixed opinions and feelings to the question whether SAPs had brought any benefits to Uganda. Their answers largely depended on and reflected the positions and roles occupied and played by the respective respondents in the SAPs environment. For example the World Bank officials resident in Uganda who were interviewed, were convinced that Uganda is seen as an African show case for the beneficial effects of structural adjustment and economic reforms. To them, Uganda has evidently been successful both in terms of stabilisation and growth. These officials believe that over the decade the economy was transformed from a stagnant, subsistence orientation to an economy that enjoyed fast growth. Some government officials shared similar views that Uganda has achieved strong economic growth and macroeconomic stability in the last decade, owing largely to the implementation since the late 1980s of an ambitious programme of macroeconomic adjustment and structural reform.

A senior government official from the Ministry of Finance, Planning and Economic Development piled praises for the success of the adjustment policies in an interview with the researcher. He stated that *“As a result of the SAPs, there seems to be light at the end of the tunnel. This success stems from the interaction between government which has created a benign environment for development, and donors who have provided generous support upon conditional compliance with a standard package. There has been a dramatic growth in private economic activity, attributed to such factors as additional foreign investment induced by the elimination of state monopolies and restoration of property rights expropriated by the Amin regime”*.

This view was shared by 50 (62.5 per cent) of the 80 interviewed government and World Bank respondents. According to these officials, by all economic indicators, SAPs have performed remarkably well. Growth has averaged 7 per cent over the last 10 years reaching

as high as 11.2 per cent in 1996. In addition, inflation has been brought to the single digits, presently standing at 5 to 7 per cent from over 200 per cent just 15 years ago. Furthermore, in the last decade or so, agriculture the main sector of the economy (40.9 per cent of GDP in 2002) has grown at an annual average rate of 5.6 per cent, while the industrial sector has grown by 16 per cent per annum. The manufacturing and service sectors grew by 13.2 and 7.2 per cent respectively over the same period. According to the World Bank, UNDP and Uganda government interviewees, *“structural adjustment is like a virtue: no one can oppose it”*. They all recognised the need for fundamental reforms to arrest economic and social decline and to provide a sound basis for promoting sustainable economic growth. On the other hand, all the interviewed non-government officials who were mainly employers representatives and the trade unions officials together with the 120 focus group discussion (FGD) participants were adamant that structural adjustment efforts in Uganda have not produced the dramatic results its proponents predicted in the early 1980s. They put it plainly that the results are decidedly mixed. The perennial concern is that the benefits of strong growth have yet to translate into measurable improvements in the standard of living for the majority of people. All the student focus groups were bitter about Uganda’s state of the economy with regard to the wellbeing of the majority of the Ugandans particularly the rural poor. They were surprised that while the majority of Ugandans were suffering from what they referred to as “imposed” World Bank and IMF economic policies, some senior government officials were praising the SAPs. They accused such officials of being among the very few beneficiaries of the structural adjustment reforms. For example, they alleged that as a result of the SAPs, a number of government officials were trotting around the globe with all attendant financial benefits.

Discussion results from the focus groups almost uniformly agreed that the preoccupation with the SAPs policy objectives and instruments has been associated with several immediate social and long-term economic costs. The groups identified the following costs to the country and its people:

- *reduced expenditure on infrastructure, public utilities, health, education and other services;*
- *increased unemployment;*
- *deterioration in real per capita; and*
- *inequitable distribution of income.*

The deterioration in income distribution echoed group participants’ concern about rising peasant differentiation, and was an implicit admission that the costs and benefits of adjustment have not been equally distributed. Indeed in all the groups, participants insisted



that structural adjustment involves significant social costs, leads to identifiable losers and winners, and thus requires careful political management. Prior to implementing structural adjustment programmes, therefore, policymakers would be well advised to weigh the benefits of these policies against the social costs in the light of the country's particular circumstances. According to one participant (in Group 5) *"a gradual and sequential approach to SAPs is called for. Such an approach would satisfy at least three objectives: avoiding possible debilitating consequences of rapid and dramatic action, such as import strangulation; giving policy makers and analysts the necessary learning period to fully understand the reform process, and to make mid-course corrections as necessary; and minimising the social costs of adjustment"*.

In a related adjustment impact assessment, a participant in Group 8 observed that *"in terms of social cost of adjustment, the middle class in the urban areas actually suffered more than the rural poor from expenditure cuts, because the former enjoy a disproportionate share of government spending on social services"*.

An official from the UNDP office in Kampala (Uganda) however gave what one would take as an accommodating and balanced position when he stated that *"although there are concerns about inequitable growth, the maintenance of economic stability, a prerequisite for growth had been commendable"*.

The divergent views of the respondents on the general impact of the SAPs should not be seen as a surprise. The implementation of SAPs obviously implied austerity measures which would be taken to redeem the economy which had almost collapsed. Indeed such measures are more biting to the populous peasants and general workers than they have been to the relatively well-paid senior government officials. Furthermore, those in government have easy access to the statistical data which provide the economic growth Uganda has attained since the introduction of the SAPs. On the other hand however, those who consider themselves disadvantaged as a result of the SAPs impact will naturally dispel such statistics as mere "fabrications" of the World Bank and IMF in collaboration with the government.

Furthermore, the capacity to interpret and believe in statistical data is not so common among the ordinary citizens and therefore their negative reactions to such data is understandable. The author however believes that although the implementation of SAPs has resulted into shocks like poverty among the people of Uganda, the country is gradually recovering from the economic misfortunes that were experienced before the SAPs. For example, as discussed earlier, there have been a general economic growth, the rate of inflation has declined to manageable levels and the foreign domestic investment (FDI) has relatively increased. But of course the pace of the positive changes is rather slow compared

to the original expectation of the people and this is obviously bound to cause frustrations among the expectants.

### ***The Public Service***

The Public Service Reform Programme (PSRP) under the SAPs constituted one of the fundamental changes in handling public affairs and policy formulation in Uganda. As already discussed, it is a large scale exercise trying to address complex inter-related issues related to performance improvement and productivity that requires not only technical solutions. As Langseth (1997) observed, it is commonly accepted that the collapse of the 1970s and early 1980s which the author has already outlined was caused by the political breakdown and inappropriate administrative structures which destroyed all mechanisms of political and financial accountability and thus eliminated effective management, monitoring and control. Aware that an ineffective public service as defined under Article 175 of the 1995 Constitution of the Republic of Uganda, threatened to undermine basic public administration and most development efforts, the government evolved a reform programme to address problems.

In order to obtain the views of the respondents regarding the ongoing public service reforms the following question was asked:

*“Do you think that the Uganda Public Service is more efficient and effective as a result of the reforms undertaken therein? Give examples”*

The above question was considered relevant and important because the public service being the implementing arm of government needs to be efficient and effective. In this respect the Uganda Management Institute (UMI) becomes a stakeholder and indeed an interested party as it should contribute to its efficiency by providing the necessary skills generally needed by the employees of government. Therefore any identified performance gaps by the public servants would be of significant strategic importance to the Institute.

Respondents from government ministries, the resident World Bank office in Uganda and other multilateral organisations like UNDP expressed a general positive development in the public service. Specific factors drawn out in order of frequency of mention were:

- *That government has implemented a number of measures in several areas. There have been a fundamental review of the mandates, mission statements, key strategic functions and outputs and staffing levels of all ministries and departments of the central government, as well as local governments. As a result of these*

reviews, several ministries were merged, and the number of established posts, in the public service was substantially reduced. There are currently 22 ministries, compared with 34 in 1992.

- *A number of non-core functions were identified which government should divest itself from and have them set-up outside the public service. The following agencies have, since 1992, been established by law, namely: National Environmental Management Authority (NEMA); Uganda Revenue Authority (URA); Civil Aviation Authority (CAA). National Agricultural Research Organisation (NARO) and Uganda Wildlife Authority (UWA). The overall assessment by the respondents was that the performance of these bodies have greatly improved service delivery in their areas of jurisdiction.*
- *The size of the public service in central government, at the beginning of the reforms in 1992 was 320,000. The current size now stands at 230,000 employees. This has been achieved through removal of overdue leavers and "ghost" employees; redundancies arising from ministerial reviews; the voluntary retirement schemes and the divestiture programme. The overall reduction in staff numbers is 48.6 per cent which is considered a major achievement of the reform programme.*
- *The above reduction of staff numbers together with increased revenue collection has enabled government to enhance salaries for public officers as part of the pay reform initiative. For example, the public sector wage bill has moved from being 15 per cent of the recurrent budget in 1992/93 to 37 per cent in 2002/2003. In addition to these increases in pay levels, the pay structure has been greatly simplified and many allowances and non-cash benefits have been consolidated into pay. The pay reforms have been based on the following principles: (i) to restore and preserve the purchasing power of public sector pay levels for all; (ii) minimise distortions arising from select pay awards and non-facilitating allowances; and (iii) achieve market-benchmarked pay targets for managerial, technical and professional cadres (Background to Budget 2002/2003). The interviewees considered these measures to have contributed significantly in improving equity among public servants and to some extent boosted morale and performance.*
- *Steps have also been taken to improve pensions management. As a first step, a census of all pensioners was conducted in 1997 for the purpose of updating information on all pensioners, including teachers and the armed forces. The next step is to computerise the management of pensions. There is also a proposal for government to move to a contributory funded scheme.*
- *Personnel and payroll control systems have been improved. Detailed audit of government payrolls have resulted in the deletion of over 20,000 invalid payroll records from the Teaching service, Police and Central Government. Alongside this exercise, improvements of physical records, rehabilitation of registries and resorting and indexing files have been carried out in some ministries. Several respondents mentioned that although this is not a very visible reform activity, it is essential for the long term sustainability of reform that accurate, reliable and complete records should be available. Such records are also important for decision making and government accountability to the public and support good governance.*
- *The reform programme has also started to address the challenging task of changing the management systems and culture of the Service from the traditional bureaucratic administrative approach, towards that of results oriented management. A Results Oriented Management (ROM) pilot study was carried out in some ministries and districts. The ministries were: Health, Works, Agriculture, Education and Judiciary. The districts covered were Rakai, Rukungiri, Iganga, Mukono and Mpigi. During the pilot, key indicators of performance for each ministry and district were identified against which measurable targets will be set (see Uganda Civil Service Reform Programme Status Report no. 10, 1999).*
- *A staff-training programme has been designed and launched to provide government employees with the skills necessary to respond and implement the reforms being undertaken. The training programme is to provide skills in the following areas; information technology; management; office records and management; staff/team performance appraisal and results oriented management.*

Despite the achievements outlined above, the respondents from government ministries observed that further actions are needed to complete the reform task and support overall government objectives. In particular, they noted that there was need to improve services and reduce costs within the context of tighter financial constraints; encouraging the growth of a vibrant private sector; and improving service delivery and poverty eradication. They

expressed the view that an efficient and effective public service combined with strong economic growth were the cornerstone of poverty eradication and development in Uganda.

Respondents in the focus groups generally viewed public service reforms as a complex and politically sensitive issue. Although they appreciated the objective of improving the efficiency of the government services, they considered some of the solutions such as across-the-board wage freezes or cuts, and or retrenchment to be unsatisfactory. According to several groups of participants: *“laying off public servants to reduce wage and salary expenditures is socially and politically unacceptable option, unless retraining and alternative job opportunities are available.* They emphasised, however, that the context is of general economic decline and a severe squeeze on central government resources for retraining and paying of terminal benefits. They expressed dissatisfaction that the international organisations that proposed those solutions have never satisfactorily addressed the issue of what to do with public servants declared redundant neither has the Uganda government seriously considered useful alternatives. This has to some extent made the national government to be unpopular with the retrenched public servants and their dependants because of their social and economic sufferings caused by the World Bank and IMF mandatory policy to reduce the number of public servants.

The group comprising 20 members of the Institute's faculty were asked the following question:

*“It is the economic crisis affecting the Uganda economy since the late 1970s that has had a negative impact, not the adjustment programmes that have been adopted to address the crisis. Without structural adjustment the social impact would have been much worse. Do you agree?”*

The group's response was unanimous. They observed that adjustment programmes in Uganda have invariably addressed the following areas: *“reducing central government budget deficits; restructuring and rationalising the public service and parastatals; reducing or removing food subsidies; liberalising external trade; improving exchange rate policies; and providing incentives for the export sector. Preoccupation with these policy objectives has been associated with several social costs, including increased unemployment; deterioration in real per capita incomes; increasingly unequal distribution of incomes; and reduced expenditures on infrastructure, public utilities, health, education, and other services”.*

The observations by the Institute's faculty regarding the general perceptions on the SAPs to Uganda are similar to those of the focus groups which were composed of UMI participants/students. Both groups (students and faculty) paint a general negative SAPs

impact on the people of Uganda. Their observations contrast significantly with those of the implementers of the adjustment policies (i.e. World Bank, IMF, Government officials etc.) who as earlier observed project a very positive impact on Uganda resulting from the SAPs implementation. This suggests that government and its funders on the one hand, have positive perceptions on the SAPs impact while on the other hand, the ordinary people who were expected to greatly benefit from the adjustment policies do not see much direct positive impact.

As earlier mentioned, the reforms being implemented by the Uganda public sector are of great strategic significance to Uganda Management Institute (UMI). It is therefore imperative that UMI thoroughly scans the various public service reforms to search for opportunities that can be taken up in the furtherance of UMI's mission of "excelling in developing sustainable management capacity". UMI, as a stakeholder in national development must play a prominent role in building a professional and efficient public service in Uganda. This is because an inefficient public service contributes to economic stagnation and poverty (Public Service Reform Report 2002). Reforms relating to management systems and the various identified training needs for the public servants as outlined above are part of the existing opportunities which the Institute can take advantage of and the process of doing so is discussed under the fourth chapter.

### ***Privatisation***

The main economic justification for privatisation is that it promotes the economic efficiency of privatised state-owned enterprises (SOEs). Several alternative theories explain the superiority of private ownership over public ownership, and the economic efficiency gains that are likely to emerge from the transfer of ownership and control of assets from public to private investors (IMF 1997; Schneider 1999; Kasekende 2000).

Advocates of privatisation consistently presume that ensuring superior management controls will induce better performance (Vickers and Yarrow 1988; Cook and Kirkpatrick 1995). The fundamental premise of the theory has been that, for the production and delivery of goods and services in a competitive economy, the private sector in practice does better than the State or the public sector. Thus the motivation underpinning the policy of privatisation is essentially the search for higher economic efficiency (Ettori 2002) i.e. better delivery of goods and services at lower prices and/or better quality by the privatised enterprises, thus

increasing the general welfare. It should however be noted that economic theory, and more specifically micro-economic theory, does not differentiate between public and private ownership and says nothing or very little about the comparative efficiencies of the private and public sectors (Ettori 2002; Cook and Kirpatrick 1995; Adam et al 1992). However, a number of benefits have been expected from privatisation. First, new owners would bring modern management and corporate governance with a sharper focus on profitability. Second, they would also bring modern technologies to produce higher quality goods for new markets. Third, because public enterprises often operate at a loss, the burden put by their losses in form of a “quasi-fiscal deficit” on public finance and budget would be removed. This would stabilise the macro-economy by cutting one source of inflation and would permit the state to reallocate public taxes and revenue on social programmes benefiting the whole population (education, health, justice etc) and in particular the workers in public companies who would lose their jobs after privatisation.

In Uganda the objectives of the SOE's reform programmes and its privatisation policies are broadly summarised as follows (ILO 1999; Dzakupasu2000):

- a) improve the operating efficiency of enterprises that were in the SOE sector and their contribution to the national economy;
- b) reduce the burden of SOEs on the government budget;
- c) expand the role of the private sector in the economy, permitting the government to concentrate public resources on its role as a provider of basic public services, including health, education and social infrastructure;
- d) encourage wider participation by people in the ownership and management of business;
- e) create a more market-oriented economy;
- f) secure enhanced access to foreign markets, to capital and technology; and
- g) promote the development of capital markets.

To achieve the above objectives a law was enacted to provide legal backing for the establishment of an institutional framework for privatisation. In Uganda, the Public Enterprises Reform and Divestiture (PERD) Statute of 1993 provides for the establishment of the Divestiture and Reform Implementation Committee (DRIC). The DRIC is composed of a minister of state, 3 eminent Ugandans, the Chairman of Parastatal Bodies, and the Attorney General. The Minister of State for Finance (Privatisation) has overall responsibility for the

PERD programme with line ministries playing key roles in policy and implementation activities. The Privatisation Unit within the Ministry of Finance and Economic Development is responsible for implementing DRIC decisions.

In order to evaluate the outcome of the divestiture policies and processes, especially in terms of achieving goals of privatisation, the performance needs to be compared with the following criteria: (i) the number of SOEs privatised; (ii) the acceptance of the general public of the privatisation of a particular SOE. Public acceptance is assessed on the basis of transparency of the process and general accountability to the public; and (iii) the impact of a privatisation programme on the enterprise management and performance.

In this regard, interviewees and the focus groups were asked the following question:

*"In your opinion, do you think that the privatised enterprises have performed much better than the previous state owned enterprises (SOES)? Give example".*

The response indicated a general dissatisfaction with the privatisation policy particularly among the trade union officials, NGOs and the majority of students-participants who constituted the focus groups. Government and World Bank officials together with a few employers' representatives were however convinced that apart from a few mishaps, the government had achieved the objectives of efficiency, productivity and profitability in the privatisation process. The satisfaction by the government over the achievement of the privatisation objectives was expressed by one of the government respondents. He stated that:

*"The most significant and lasting benefits of privatisation has not been the cash received, but the capital investment made, the jobs created, the transformation of inefficient subsidised companies into profit making and competitive businesses. Compared to the pre-privatisation period, there was an increase in capacity utilisation, sales revenue and tax contribution to government, profitability, product quality and diversification".*

With respect to the private sector versus public enterprises debate, the rest of the participants (respondents) stressed the historical perspective: Parastatals emerged in the immediate post-colonial era. In the absence of a powerful private sector, the state had to intervene in several economic activities. They argued that parastatals are viewed in many parts of Africa as the only means to avoid total foreign domination of the economies. This is because Africa and indeed Uganda lack an enabling environment for indigenous entrepreneurs, who are also hampered by undeveloped capital markets. Dependence on

foreign private capital is also risky. For example, the case of Mozambique may be extreme, but private enterprises were abandoned en masse at independence.

On the other hand these respondents recognised widespread performance and efficiency problems with some of the previous parastatals. Such problems included: *“poor project choice, undercapitalisation, weak management, lax cost control, overstaffing, accountability problems, large operating deficits, and failure to meet social and economic objectives”*. They argued that while these problems existed among some of the parastatals, whole-sale privatisation was not the panacea. Government only needed to ensure strong and efficient management systems in those organisations as the case, was before the disastrous Amin's regime.

The student-participants noted that: *“under privatisation policies there has been an increase in unemployment and job insecurity, workers' rights have been weakened, regulatory efforts have been ineffectual, user costs have increased while service quality has declined, and service expansion has not met needs”*. They further observed that in some cases, privatised industries have proven to be more inefficient than public enterprises.

Privatisation in Uganda has resulted in some 350,000 people being retrenched, a failure to increase industrial efficiency, and the private sector not expanding fast enough. Those laid off were not prepared for life in the private sector, as no training was provided. Some did not even receive severance packages and for all those who did, packages were too small according to participants in the focus group number 3. One result has been an increase in informal sector activity.

Workers' representatives complained that: *“the new owners of the privatized enterprises underpay their employees, offer no job security, and do not follow labour regulations”*. These respondents pointed out that employers have defied the country's constitution by not recognizing trade unions and that any worker seen organizing a union is fired. The national constitution guarantees the freedom of association and the right of workers to join trade unions of their choice (see Articles 29(1)(e) and 40(3)). With the Ministry of Labour reduced to the status of a department, officials have been unable to do much since they do not have the necessary personnel and logistics, and the laws that protect the rights of workers are weak or non-existent. For example there is currently no minimum wage in Uganda. The government believes that wage levels should be left to be determined by the laws of supply and demand for it is feared that a legal imposition of a minimum wage would discourage investments.



Participants in the focus group number 4 argued that: *"the very threat of unemployment has led workers to compromise their rights when employers do not follow the law. With the economic architects not wanting to slow down the process of privatization, employers have proceeded to sweep aside trade unions. Payment of salaries is often late, with no limit on overtime, employees are generally over worked"*. In addition they explained that safety standards are low, with most privatized firms unwilling to adhere to safety regulations or to adequately invest in plant improvements. All such developments lead to reduced employees' morale with all attendant consequences.

Similar to the findings obtained from government ministries and the World Bank respondents, the representatives of workers unions and the student-participants also agreed that the government had achieved its objective of raising tax revenue from the sold enterprises. They however complained that the revenue did not contribute significantly to social service delivery and infrastructure. They claimed that government expenditure on social services and infrastructure originated from foreign donors and not divestiture proceeds. There was also suspicion among these respondents that corrupt officials and buyers hijacked the privatisation process. Although government has documented the use of divestiture proceeds, there is suspicion that the proceeds are mismanaged and could therefore not be used to uplift the living standards of Ugandans which was the major background objective for introducing the structural reform programmes.

Furthermore, workers representatives, the student focus groups and a few government officials believed that although poor management of the former parastatals was one of the reasons that led to the privatisation decision, there still existed cases of poor management systems among the privatised enterprises. For example, they pointed out: *the poor human resource management, financial management and quality control systems which still exist in those organisations*. They also pointed out incidents where the proprietors of the privatised enterprises colluded with corrupt officials of the Uganda Revenue Authority (URA) to deny government of appropriate taxes through deliberate under declarations.

There is no doubt that past inefficient state owned enterprises (SOEs) were a big drain on the meagre government resources and therefore the privatisation was meant to off-load that burden from the government shoulders. There was a lot of hope that the new privatised enterprises would contribute to national prosperity through increased productivity, profitability, employment opportunities, better efficiency and more returns to the Treasury.

However, based on the findings discussed in this study, it is evident that all is not golden in those enterprises and full privatisation policy objectives are yet to be achieved. One significant observation however, is that the problems now existing in those enterprises would be of strategic importance to management development institutions like the Uganda Management Institute. The possible opportunities for such institutions are explored in the next chapter.

### ***Employment***

Geske and Donge (2001) observed that the familiar scenario in African countries that have introduced SAPs is the failure of organizations to look after their employees; salaries are less than a living wage and other basic necessities such as adequate health allowance are not recovered. There is a break in the psychological contract between employer and employee accompanied by frustrated aspirations, diminished organizational commitment and institutionalized and non-institutionalised corruption at all levels. This section therefore surveys the impact that the economic reforms have had on the employment situation in Uganda. The survey is based on both secondary data and primary data results derived from the interviews undertaken by the researcher and the views expressed by the focus groups participants.

As earlier stated in the study, since Uganda introduced the economic recovery programme (ERP) in 1987, a reasonable political and economic recovery has been registered and according to the World Bank and IMF, Uganda is considered to be one of the success stories in Africa. However, from the findings that follow, it is revealed that the employment situation has not improved significantly. The economy must create about 300,000 new jobs a year to keep up with the growing labour force (see the Uganda National Employment Policy Draft, 2004). Following the retrenchment of public servants and the restructuring of public enterprises the development of productive employment has not kept pace with the rising labour supply. Real wages have also declined to such an extent that wage income alone is no longer sufficient to sustain a large number of households and the wage earners. In its Uganda Human Development Report, the UNDP (2000) noted that despite the positive SAPs achievements, unemployment remains pervasive, especially in urban areas, largely because the labour supply is greater than employment opportunities. And that unemployment has been identified in the crusade against poverty. According to the UNDP (2000), growth could fail to increase employment resulting in jobless growth, or output

employment lag. This occurs when growth is concentrated in sectors that employ only a small portion of the labour force, such as the manufacturing sector, which in Uganda employs only 3.4 percent as against 80 percent for agriculture.

In order to obtain the views of the respondents on the employment situation in Uganda, the following question was put to them:

*"In your opinion, what has been the impact of adjustment on the labour market in Uganda?"*

An analysis of the responses to the above question showed that the greatest majority of the respondents regardless of the sector they came from identified four major effects, which economic reforms had had on the Uganda labour market. *"First the rate of unemployment has risen significantly; second/ open under employment, measured in terms of the average number of hours worked has also risen; moreover; those who keep their jobs have had their pay reduced. This is the third effect. An analysis of wage incomes shows that they have declined in real terms. The fourth effect is less visible than the other three. This is the expansion of the urban informal sector"*. Respondents observed that this sector now includes the newly unemployed who are unable to find jobs in the formal sector in which they used to work; also, on a part-time basis, a good number of those who are employed in the formal sector but have to supplement their wages; and lastly new entrants to the labour market who fail to find steady and better-paid jobs. The statistical data available and which will be later analysed under an independent section on the informal sector confirm that there has been an expansion of informal employment over the past ten years.

According to UNDP (2000), skilled workers in Uganda particularly young university graduates, find it extremely difficult to find a job. Job-hunting is very frustrating and has led to brain drain. Many qualified Ugandans have left the country as "economic refugees" seeking greener pastures leading to shortage of skilled manpower in a number of specialized areas.

The rampant unemployment in the country was acknowledged by a number of interviewees from the government ministries. One senior government respondent revealed that:

*"Government is adopting measures that would contribute to increased employment opportunities by enhancing skills and knowledge base through (i) establishing 800 community polytechnics at sub-county level; (ii) promotion of information and communication (ICT) and e-commerce and take advantage of Uganda's geographical location and time zone to attract jobs from North America and Eastern Asia; (iii) implementing the Plan for Modernisation of Agriculture (PMA) and increasing on-farm employment opportunities. (iv) supporting micro and small and medium scale enterprises (SME) by implementing the Medium Term Competitive Strategy*

*(NTCS) whose key areas of action include improved infrastructure development, deepening and broadening financial services and export promotion".*

The focus group which consisted of the Uganda Management Institute (UMI) faculty members almost lamented over the unemployment situation in Uganda. In their opinion:

*"SAPs have been hostile to Uganda's labour force in that they have caused a contraction of the labour market. The overall reduction of public spending and investment in development activities has depressed the aggregate labour demand, thus causing even higher levels of open unemployment. Thousands of jobs have been lost as a result of reduction in the level of investment and cuts in social services. The resultant rise in unemployment has increased poverty and hardships in many Ugandan households".*

Similar sentiments were expressed by an official from the National Organisation of Trade Unions (NOTU), a workers organisation to which all trade unions in the country are affiliated. He lamented that:

*"Generally, SAPs have done more harm than good in relation to employment in Uganda. Most owners of the privatised parastatals have preferred to keep only a few workers due to fear of paying more wages, employ relatives or aliens, overwork the few employees in order to get maximum effort out of them. All these factors have negatively impacted on the employment situation in the country".*

The increased unemployment levels were attributed to the retrenchment in the public service under which over 200,000 public employees lost their jobs. Similarly, although labour statistics in Uganda are not very easy to come by, it is estimated that over 350,000 employees lost jobs as a result of the divestiture process which left many formerly state owned enterprises (SOE) either privatized or liquidated (PERD 2002).

According to the Uganda Labour Survey 2002/2003, which was carried out by the Uganda Bureau of Statistics, unemployment is higher in urban areas with 12 percent compared to about 2 percent in the rural areas. Furthermore, as shown in table 3.6, the gender differential is also more evident in the urban areas where the unemployment rate for females is about 16 percent while the corresponding rate for males is about 8 percent. This means that in urban areas that females are less likely to get jobs than their male counterparts. The same survey revealed that more than half of the unemployed are in central region (59 percent), followed by eastern region (19 percent), western region with 16 percent and northern with the lowest of 6 percent.

**Table 3.5: The Numbers and Rates of Unemployed Persons Aged 10 and Above by Sex and Residence**

Residence	Number of Unemployed (000s)			Unemployment rate (%)		
	Male	Female	Total	Male	Female	Total
Urban	56	130	186	7.5	16.3	12.0
Rural	72	88	160	1.6	1.8	1.7
<b>Total</b>	<b>128</b>	<b>218</b>	<b>346</b>	<b>2.5</b>	<b>3.9</b>	<b>3.2</b>

**Source:** *Report of the Labour Force Survey 2002/2003, Uganda Bureau of Statistics*

Officials from the government ministries and those from Bank of Uganda who were interviewed gave three basic reasons for the growing scale of underemployment: *"The first is the massive rural-urban migration that has occurred over the last 15 years. The second factor is the inadequate absorption of manpower by the modern sector and in particular, the manufacturing industry".* This has meant that a considerable and ever-increasing portion of persons who have moved from the country side to the towns have been unable to find sufficiently productive employment and have been forced to swell the ranks of the urban informal sector. Thirdly, they indicated that: *"there are great differences in productivity not only between sectors but also within each of them, which result in large disparities and inequalities of income".*

To evaluate the impact of the SAPs on wages in Uganda one needs to have data on wages before and after the implementation of the programme. However, historical information on employee remuneration in Uganda particularly for the private sector is quite scanty. If Table 3.6 gives any indication of the trend of wages and salaries in all sectors of Uganda before and after SAP, one can say that remuneration of employees has been rising during the SAPs than ever before for example the government wage bill increased from shs 1,200,000 in 1986/87 to shs 546,250,000 in 2001/2002 reflecting an increase of over 450 per cent. But the general feeling, among the public servants and the trade union officials who were interviewed was that the purchasing power of the shilling is lower than ever before and the ideal wage, except in a few government institutions like the Uganda Revenue Authority (URA) is yet to be seen. This is not surprising given the massive devaluation of the shilling since 1987.

Such negative developments in the labour market have led to unbelievable misery to many employees particularly those in the middle and lower levels. Of course such dissatisfaction

reduces one's productivity and morale. For example, among the participants in focus group No. 2 was a professional teacher who gave testimony of the sufferings of the teachers and which suffering may be common to many employees in the country. He was certain that the problems of teachers can be accurately traced to the period of the SAPs. He said:

*"compared to the 1970s, we now live the most difficult lives we have ever lived. Teachers live in garages. They pay for this accommodation by offering free coaching lessons to children of landlords. This creates a relationship which the children interpret as master-servant relationship which they also try to exploit at the cost of the teacher. Other teachers improve their status by engaging in other businesses such as retailing in lock-ups. Those with more marketable teaching subjects take part-time jobs in the private sector. Those who can not do so teach in more than one school. In whichever activities they are engaged in, such teachers report to class ten minutes late and leave 10 – 15 minutes before the end of a lesson. The problems are most acute in those schools where Parents Teachers Associations (PTA) can not top up the teachers' salaries".*

Table 3.6: Central Government Expenditure on Wages and Salaries

<b>Fiscal Year</b>	<b><u>Expenditure (Ug Shs: '000)</u></b>
1986/87	1,200
1987/88	3,700
1988/89	9,778
1989/90	12,973
1990/91	24,132
1991/92	47,846
1992/93	65,000
1993/94	89,000
1994/95	125,000
1995/96	160,000
1996/97	227,000
1997/98	255,800
1998/99	341,200
1999/2000	373,890
2000/2001	434,090
2001/2002	546,250

**Source:** Uganda National Budgets 1986/87 – 2001/2002

The policy of liberalizing wages has resulted in declining purchasing power. There were numerous complaints among the focus group participants and workers representatives that companies, taking advantage of the abundance of manual labour, do not wish to make any wage increase and this is worsened by the fact that the government is reluctant to introduce a minimum wage in the country. The participant-respondents also expressed dissatisfaction that increased efficiency and productivity is rarely rewarded with higher wages. Low salaries and long workdays are having a harmful effect on workers' health and nutrition and making it increasingly difficult for workers to find affordable housing.

Such general negative feelings were fairly reflected in the comments of an official from the National Organisation of Trade Unions who told the researcher that: *“the policy of liberalising wages has caused a decline in purchasing power. Companies are taking advantage of the abundance of manual labour. What is more, increased efficiency and productivity is rarely rewarded with higher wages. Low salaries and long work days are having a harmful effect on workers’ health and nutrition and making it increasingly difficult for workers to afford housing. More and more children are now entering the labour force in an effort to supplement declining family incomes. These children are usually forced to drop out of school to do jobs that pay apprentice salaries far below the living wage, although their duties are similar to those of regular, adult employees ..... The policy of labour-market flexibility in Uganda has led to greater job instability, poorer working conditions, and weakened respect for workers’ rights, which, in turn, often leads to abuse by employers”.*

Similar sentiments were expressed by the National Chairman of NOTU in his Labour Day (1<sup>st</sup> May) speech of 2003. In a congregation which included the President of the Republic of Uganda, the NOTU Chairman reiterated that: *“Besides the lack of transparency, the new owners of most of the privatised enterprises do not respect workers’ rights and freedom. They use them as mere factors of production with the sole aim of maximising profits. As a result, workers have been paid peanut wages and subjected to stringent working conditions”* ([www.notu.co.ug](http://www.notu.co.ug)).

Another incident reflecting the unbecoming treatment of workers by employers happened in October 2003 when an enterprise known as Tri-Star Apparel (which produces textile products and exports them to the USA under the African Growth and Opportunity Act (AGOA) arrangement) decided to dismiss 270 workers who protested against the management’s mistreatment. The press release by NOTU Central Governing Council on that incident further reflects the employees’ feelings towards their new managers. In part the press release started: *“We have learnt with great sadness of the action taken by the management of Tri-Star Apparel to dismiss over 270 workers who were protesting against the mistreatment done by their supervisors who are of Asian origin – Sri Lankans to the point of slapping some of them, which is against the Constitution of the country and universal labour-management practices. It should be brought to light that these workers had tolerated for sometime the brutal treatment they had been subjected to, like overworking them and no overtime allowance, inhumanly being treated almost like slaves ..... We condemn in the strongest terms the brutal and barbaric action taken by management of Tri-Star Apparel to victimise these workers for their joining a union for collective bargaining by abruptly dismissing them without any severance packages”.* ([www.notu.co.ug](http://www.notu.co.ug)).

Several focus groups expressed similar experiences noting that SAPs have led to the development of poor employment practices by employers who mistreat employees because of the enabling excessive unemployment levels in the country. They observed that such mistreatment is meted as:

- *payment of low wages and salaries;*
- *forcing persons to work for extended hours;*
- *weakening of the trade unions because of reduced membership and high unemployment;*
- *hiring and firing at will by employers if questioned or challenged by employees on certain unacceptable practices.*

And worse still, the groups generally observed that the government has treated such recalcitrant employers with kid gloves because of the so badly needed investments they bring to the country.

As indicated in Table 3.7 below, the wages in the Uganda private sector are low, 40 percent of employees earn less than 40,000 shillings (US\$ 22) per month and the median wage is about 60,000 shillings (US\$ 33). A mere 10.7 per cent of the employees earn beyond 200,000 shillings.

**Table 3.7: Monthly Earnings of Currently Employed Persons Aged 10 Years and Above by Residence (%)**

Monthly Earnings (UgShs)	Rural			Urban			Total		
	M	F	T	M	F	T	M	F	T
Less than 20,000	21.2	29.3	23.1	8.3	26.9	15.4	16.9	28.1	20.2
20,000–40,000	20.1	28.4	22.1	11.2	24.4	16.2	17.2	26.4	19.9
40,001-60,000	15.3	8.1	13.6	13.1	8.0	11.2	14.6	8.1	12.7
60,001-100,000	18.8	16.5	18.3	23.1	16.5	20.6	20.2	16.5	19.1
100,001-200,000	16.5	12.2	15.5	26.6	10.7	20.5	19.9	11.4	17.4
200,001	8.1	5.5	7.5	17.6	13.5	16.1	11.2	9.5	10.7
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Source:** *Uganda Bureau of Statistics 2003 (Ug Shs 1800 = US\$1)*

This worrying unemployment and low wage levels have led to unprecedented disparities in income distribution which has aggravated the poverty situation in the country. Such negative trend is also recognised by senior government officials many of whom apparently think that SAPs have largely been successful in Uganda. This is reflected from the views of one of the interviewees from the Ministry of Gender, Labour and Social Development when he observed that: *“There has been considerable deterioration in the distribution of income. This is*



*attributed to the fact that unemployment is the most regressive form of income distribution. In the majority of cases those who lose their jobs are left with little or no income at all. People engaged in the informal sector, who are among the poorest sections of the population, have to share their sources of income with the recent arrivals”.*

From the above findings and analysis, it becomes clear that employment trends in the country indicate that without a concerted effort to tackle the problem of un – and underemployment, the situation could get worse. Slow or negative formal sector wage employment growth and the likelihood of more retrenchments suggest that the modern sector's role in the absorption of new entrants to the labour force is likely to remain marginal and accounting only for a small proportion of the increment of the labour force. The challenge of employment creation in Uganda had been underscored by the country's highest leader, President Y K Museveni when he stated that:

*“In the past the greatest challenge facing this country was to deliver a return to security and stability. This we have achieved. It is now clear that the most pressing, challenge is to deliver employment. Uganda's labour force is expanding by 300,000 persons a year. The public sector cannot and should not absorb the increase in the labour force. Yet the private sector is not delivering the increase in employment opportunities at anything like the rate to absorb the increase in the labour force.” (Vision 2025).*

It is imperative therefore, for Uganda to squarely face the unemployment challenge because of the negative costs involved. As observed by UNDP (2000) the main economic cost of unemployment is foregone output and incomes. It aggravates the poverty situation directly through reduced incomes, consumption, and nutritional intakes. It leads to disserving and assets stripping, thereby reducing production and potential growth. The government loses potential revenue from income and other taxes. This in turn reduces capacity to provide social services and fight poverty. Structurally, it leads to brain drain and to rural-urban migration, which turns rural under-employment into open urban unemployment. It also leads to slum development in urban areas. In addition, unemployment boosts crime and anti-social behaviour such as theft, robberies, corruption, prostitution, drunkenness and other irresponsible behaviour. It can lead to more serious crime such as drug and small arm trafficking, and money laundering. Already there are notable signs that these problems have begun disturbing the Uganda society. For example, there is a tremendous increase in the rural-urban migration as people look for the non-existing jobs in urban areas. Crimes involving both petty thefts and highway armed robberies are constantly being reported in the press. Likewise, prostitution by youthful girls and women is almost becoming a “profession” in the country's major urban areas which is likely to cause further spreading of

the deadly HIV/AIDS calamity. All these vices are largely a result of the increased unemployment levels in the country.

Socially, unemployment leads to reduction in school involvement and quality of education because unemployed parents cannot afford to educate their children. It reduces access to basic health care especially where cost sharing is introduced. It promotes malnutrition because access to food becomes a daily battle, thereby increasing the population of stunted bodies and brains. Politically, unemployment provides a fertile ground for social insecurity, political unrest, civil strife, and eventually a fertile ground for armed conflicts. For example some rebels captured in the North and South Western Uganda have cited unemployment as their main reason for going to the bush to wage an armed struggle against the Uganda government. In addition, despite the introduction of the almost free Universal Primary Education (UPE) by government in 1997, many children in the rural areas and some urban centres are not going to school because their parents can not afford paying for the minimal requirements like books and uniforms. Such families cannot properly feed themselves and as a result stunted bodies are now common in Uganda.

There is therefore no doubt that because of the above grave problems caused by the unemployment prevalence, solutions must be devised to solve the problem. A number of stakeholders are required to take part while the government naturally plays a leading role. Among such possible stakeholders are management development Institutions (MDIs) like the Uganda Management Institute, which must contribute towards getting the necessary solutions. And the role such institutions can play is discussed in the next chapter.

### ***The Informal Sector***

Although it is not possible to present exact figures concerning the extent of the informal sector, it is widely accepted that the informal sector is gaining importance worldwide (ILO 2002). As the ILO Report on Employment and Social Protection in the Informal Sector (2000) stresses, "it is not so much that the informal sector exists, but that its magnitude has remained at high levels in developing countries, that it has exploded in transition economies and that it has also emerged, contrary to predominant thinking, in advanced countries". In Africa, informal employment accounts for over 60 per cent of total urban employment. Among those countries for which statistics are available, the figures reach 57 per cent in

Bolivia and Madagascar, 56 per cent in Tanzania, 53 per cent in Columbia, 48 per cent in Thailand and 46 per cent in Venezuela (ILO 1998).

Like many African countries, Uganda has a very active informal sector. In Uganda, the sector employs about 90 per cent of the total non-farm private sector and its contribution to the GDP is more than 20 per cent (Haan 2002). Table 3.8 reveals a marked increase between 1993 and 2003 in the household enterprises in all the regions of Uganda except in the North which has been negatively affected by the civil disorder in the area since 1986. The number of household enterprises has risen from 1,241,000 to 1,763,000 during the period under reference. According to the Uganda National Household Survey 2002/2003, it is estimated that 2.5 million people are in the informal sector. Results of the 2002 Population and Housing Census gave the population of Uganda as 24.7 million persons. This means that approximately 10 per cent is engaged in the informal sector.

**Table 3.8: Number of Household Enterprises by Region**

Region	1993/94		2002/03		Change
	Number ('000)	%	Number ('000)	%	
Central	283	22.8	562	31.8	98.2
East	256	28.7	566	32.1	59.0
North	418	33.7	437	24.8	4.5
West	184	14.8	198	11.3	7.6
Total	1,241	100	1,763	100	42.0

*Source: Uganda Bureau of Statistics Report on the Socio-Economic Survey*

The term "informal sector" was used for the first time in the reports on Ghana and Kenya prepared under the ILO World Employment Programme at the beginning of the 1970s (ILO 2002). Recent studies by government institutions, NGOs, academic and international and research institutions have not come up with an acceptable definition of the informal sector activities. The dilemma is largely attributable to conceptual perceptions of the activities and attitudinal and conflictual actions of government institutions and other authorities whose measures influence the operations in the sector (ILO 1995; Haans 2002). Definitions have therefore differed from authority to authority, from scholar to scholar as well as institutions concerned with the performance of the sector.

In an attempt to define the sector and its scope, four main approaches have so far been identified (ILO 1995; Barwa 1995; King and Abuodha 1995; Lilmatainen 2000; Haans 2002), namely:

- a) The labour market approach has been adopted for human resource planning purposes. This approach focuses on characteristics of the labour force in the sector. Consequently, the dictum that the sector is the entry point into the labour market of less skilled persons, such as school drop-outs, rural – urban immigrants, thereby using the level of education including skills development as the basis for identification.
- b) A statistical approach has been adopted in an attempt to incorporate the sector on a categorised basis placing emphasis on the characteristics of the enterprises by size of employment and capital, thus the sector activities being defined as those in which there is self-employment and or family employment using very limited initial capital accumulated out of savings or borrowed from better-off relatives.
- c) An approach focusing on constraints which restrict the performance of the sector such as the absence for modern accounting systems partly due to the low level of education and partly because, as already pointed out, of the family ownership and employment practices as opposed to wage and credit support applicable to firms or enterprises in the formal sector.
- d) An approach adopted by researchers and scholars focusing on conceptual and theoretical issues such as the extent of government intervention and compliance with legal requirements. The attitude of sector entrepreneurs who on one hand seek government assistance but on the other hand, wish to maintain the informality of their operations.

In this study, we use the definition and the guidelines adopted by the Informal Sector Survey carried out in Uganda in 1989 and more recently that of the Uganda Bureau of statistics in its Report on the Socio-Economic Survey (2003). The following characteristics were identified for the informal sector enterprises:

- a) employing less than five (5) persons;
- b) mostly family based;
- c) low investment, if any, in buildings and equipment;
- d) low technology and labour intensive;
- e) simple management systems based on traditional artisan structures with minimum documentation controls, thereby with poor or no accounting systems;
- f) technical know-how and operating skills required frequently obtainable from outside the formal education system – usually by informal and unstructured apprenticeship or training on the job.

The above mentioned characteristics are closer to ILO definitional approach and could be taken together to form a realistic basis for defining the informal sector (ILO 2000).

An OECD report describes the boom in the informal economy to be a consequence of widespread poverty associated with low educational levels among a significant part of the population and the absence of social safety nets (Franco 1999). However, as earlier mentioned, the informal sector is not only an issue for the developing countries. It has been estimated that about 20 million workers operate in the informal sector in the European Union (Karl 2000). In the OECD countries the informal sector accounts approximately for 15 per cent of the GDP (Karl 2000).

The development of the sector in Uganda has been consequential upon many and varied factors (ILO 1995). The findings based on the different surveys, personal interviews between the informal sector operators and the author, focus group discussions, meetings with officials of relevant public and private offices as well as supporting documentary evidences revealed a variety of developments and policies which contributed to the development and expansion of the informal sector in Uganda.

The following were identified by the various respondents as the common factors:

- *the monetisation of the economy;*
- *rural-urban immigration in search of wage or cash earnings;*
- *increase in the population of town or urban dwellers;*
- *the entry to the labour market by graduates of educational institutions at various levels in the education system;*
- *the collapse of the formal sector of the economy following the military coup d'etat of the 1970s and subsequent instability, insecurity of person and property and their adverse effects on the management of the economy;*
- *supplementary strategies to augment inadequate incomes of personnel engaged in the private and public sectors;*
- *the effect of SAPs measures with the attendant public service reforms and privatisation exercises resulting into retrenchment and demobilisation of the military personnel.*

To assess the significance of the informal sector in Uganda whose expansion has largely been attributed to the economic recovery reforms, respondents in their various categories were requested to comment on the role the sector has played in the economic development of the country. Although a few expressed reservations that the informal sector was not the best indicator for national economic development, the greatest majority of those interviewed and others whose views were picked from the group discussions showed a positive appreciation of the sector's contribution. A participant in Group 4 commented: *"In the absence of better alternatives and more so with the changes caused by the structural economic reforms, the informal sector became very timely"*. There was consensus that during the period of economic decline, characterised by declining real wages and employment growth in the formal sector, the informal sector played a significant role in alleviating large scale poverty in Uganda particularly in the urban centres of the country. It was observed that bulk of the urban labour force was engaged in some kind of informal activity either part time or on full time basis as part of the "survival strategies" which were adopted to meet the challenge of deteriorating economic conditions. Since then it has remained a single most important source of employment in the country.

The above sentiments of the various respondents on the significance of the informal sector in Uganda was well summarised by one official of the Federation of Uganda Employers (FUE). In an interview with the researcher, he observed that:

*"The informal sector in Uganda has indeed expended immensely in recent years and has been the main bulwark against unemployment, destitution and crime".*

These findings are in agreement with the 2003 Uganda National Household Survey which revealed that the total number of persons engaged in non-crop household enterprises was estimated at 2.5 million making approximately 10 per cent of the total population (Report on the Socio-Economic Survey 2003:63). Barwa (1995) also pointed out that although the contribution of the informal sector to GDP is difficult to measure due to insufficient information; it probably accounts for nearly 22 percent of the gross domestic product of the total Ugandan economy. Similarly, in one of the ILO (1995) studies it was estimated that employment growth in the informal sector of Uganda is about 5.6 per cent per annum compared to less than 1 per cent per annum in the formal sector. At this rate, it is further projected that the sector absorbs 20 per cent of the annual increase in the urban labour force from all sources. This is indeed a significant contribution which reflects the importance of the sector in Uganda's social and economic development.

The sector however is not without constraints. During the interviews held with some sector – operators, government officials and officials from the Uganda Small Scale Industries Association (an umbrella of small and medium enterprises (SMEs)) several constraints facing the sector were identified. Such constraints included:

**a) *Insufficient Financing***

It is apparent that the majority of entrepreneurs constituted their start-up capital from personal savings while others obtained it from friends or relatives. Obviously such sources are not supportive enough and lack of collateral has been a major reason why household enterprise operators find it difficult to obtain loans from financial institutions.

**b) *Managerial skills***

Most of the entrepreneurs lack managerial skills for successful enterprises. This handicap is not restricted to only the less educated but even the former public servants whose entrepreneurial skills is significantly lacking. Many lack knowledge of essential control elements such as costing, book keeping and accounting as well as monitoring the operations.

**c) *Working conditions***

Many sector enterprises operate from temporary sheds and structures without such supporting infrastructures as electricity, water and sanitary household production units while others carry out businesses in open spaces especially where they are not legalised to operate from. Hence the constant “running battles” with urban authorities.

**d) *Lack of collective strength***

The majority of informal sector operators are not aware of the strength of pressure groups influencing events outside their own establishments in order to overcome internal and external constraints. For example, very few are aware of the existence and role of the Uganda Small Scale Industries Association. Of those who know about it, even fewer, have availed themselves of its technical advice or received assistance in gaining success to official credit.

**e) *Lack of technology***

The informal sector, per se, has limited access to appropriate technology. There is need therefore to access information available on adaptable technology, which could, inter alia, help operators convert the environment to their use and reduce the hardship of muscle power. The respondents were of the view that this can only be achieved through the transfer of technology to the small urban informal sector operators with appropriate educational policy support.

**f) *Lack of appropriate inputs and suitable equipment***

The National Manpower Survey of 1989 and the Socio-Economic Survey of 2003 by the Uganda Bureau of Statistics revealed that a large number of enterprises operation used equipment which were old and therefore easily sustainable to breakdowns which affect efficiency. The inability to access affordable inputs such as raw materials also constitutes another major problem.

**g) *Competition***

The low level of production and the poor quality of products in majority of cases may not stand the competition arising out of the liberalisation programme that permits importation of cheaper but better quality goods. Several operators in the sector suggested that their enterprises needed to be protected from such competition.

The discussion of the informal sector has revealed the significant role that the sector plays in Uganda. It has been instrumental in generating employment particularly during this SAPs period when thousands of the former formal sector employees lost their jobs through retrenchment, privatisation and liberalisation. The rapid growth of the urban labour force in Uganda in the face of contracting public sector employment and rationalisation in the formal private sector, has meant that the urban informal sector has become the last resort for employment in urban areas. The sector also handsomely contributes to Uganda's GDP. However, despite its contribution, the sector is confronted with a number of constraints some of which have been discussed above. Unless appropriate solutions to the constraints are devised, the perceived optimism that it will continue to make a significant contribution to Uganda may not be realised. Several players including government must come up to assist this important sector. With regard to Uganda Management Institute (UMI), some of the constraints identified within the sector may constitute opportunities for the Institute in



pursuing its mission of excelling in developing sustainable management capacity. The next chapter discusses the role UMI can play in improving and developing the informal sector enterprises.

### ***Poverty and the Debt Burden***

Similar to other countries in Sub-Saharan Africa (see Chapter 2), Uganda for the past 15 years has been engaged in various transformation and restructuring of economic activities. Following macroeconomic stabilisation in the late 1980s, the country's efforts have focused on reversing Uganda's economic decline, reviving infrastructure, and empowering the people to produce and earn reasonable income (MFPED 1999). With the implementation of the economic reforms, it was expected that economic growth would follow the adjustment measures. Such growth would lead to increased incomes of the poor and the number of people living in poverty reduced. The adjustment model assumed that the "transitional costs" would be relatively short-term and the poor could be protected from their worst effects.

Under this section of the study, we attempted to analyse the impacts of the reforms on the most vulnerable social groups and moreover whether poverty is still growing among the majority of Ugandans. The findings indicate that although in some areas of the country growth has reduced poverty for some people, in most others millions still lack the security, employment, shelter, healthcare, education and mobility needed for decent life. Providing the poor with opportunities for economic security and personal autonomy is still a big development challenge for Uganda.

As pointed out by Muhumuza (2002), the measurement of poverty remains contentious among social scientists. This is because there is no precise or generally agreed definition or measurement of poverty (Glewwe and Gaag 1990; Saulch 1996). To some scholars, poverty is perceived as lack of means to satisfy basic necessities of life (Lipton and Maxwell 1992; ILO 2000). Other scholars conceptualise poverty to be more than just the lack of income but also the lack of the means to satisfy basic social needs. It also includes a feeling of powerlessness to break out of the cycle of poverty and insecurity of persons and property (Townsend 1993; Chambers 1983). The World Bank has been determining the absolute poverty line basing on those persons who spend less than one US dollar a day. The World Bank (1984) also proposed the nutrition-linked measurement of poverty (linking consumption and nutrition status). It is based on the assumption of 2200 calories plus a

few non-food expenditure items per person. The other quantitative measure of poverty is per capita income. Per capita income is calculated by dividing the national income by the total population. Uganda's GDP per capita is currently estimated at US\$ 334 (UN 2001). Nonetheless, data obtained using the per capita index can be compromised because it obscures the detailed picture of poverty. The fact that it does not show exactly who the poor are, how many they are, and where they are located makes its reliability questionable.

Poverty also differs in definition between urban and rural areas (Uganda National Housing Survey 2003). In Uganda's urban areas, money is for instance the underlying factor that constitutes poverty because virtually everything is monetized. Poverty has therefore been defined as lack of money to cater for family needs. In rural areas however, poverty is perceived in terms of resource deficiency. In this respect, resources refer to physical assets and social networks. As Brett (1998) has observed, people experience poverty in Uganda in many forms. Poverty manifests itself most obviously in low incomes and isolation, but it also exists in less obvious ways as personal and political insecurity, limited access to education, health and other services.

The prevalence of poverty in Uganda is common knowledge to all. Brett (1998) states that in the early 1990s, 74.3 per cent of Uganda households spent less than US\$10 per capita each month and only 1 per cent spent more than US\$60. The government admits that although through economic reforms some successes have been recorded, particularly at macroeconomic level, including some broad-based benefits, there are still high levels of poverty and wide income gaps between the rich and poor, and the urban and rural populations. And the poor state of much of rural Uganda remains a great development challenge to the country (MFPED 1999). According to the government's Strategic Framework for National Development (1999) and to the report of Uganda Vision 2025 (1998), rural Uganda suffers serious inadequacies in infrastructure development, availability of social services, the state of human development and living conditions of the people, while productivity, competitiveness and capital formation is low. More than 85 per cent of Ugandans live in rural areas, constituting the bulk of the percentage of the people who live below the poverty line. This population is made up of agricultural workers (81 per cent), while the rest are engaged in either elementary occupation (7.6 per cent), or are low level government personnel (4.6 per cent), craft workers (3.4 percent) and technicians (2.4 per cent) with a per capita of US\$300 (Uganda Vision 2025). The ILO Mission which visited Uganda in 2000 was told by the representatives of the people in the four districts visited

that the poor constituted the following proportions of the population in the four districts: Kabale 75 per cent, Mbarara 30 per cent, Bushenyi 30 per cent and Kabarole 90 per cent.

According to the Uganda National Household Survey of 2002/2003 (UBOS2003), the percentage of people who are poor in 2002/2003 stood at 38 per cent, corresponding to 8.9 million persons in poverty. This figure can be compared with the estimate in a similar survey carried out in 1999/2000 where 31 per cent (equivalent to 7.2 million) persons were in poverty in absolute terms. Based on the 2001 national census, the population of Uganda is estimated to be around 25 million. Therefore the rise in the percentage of the poor is statistically significant.

The same survey revealed that poverty increased in both urban and rural areas between 1999/2000 and 2002/2003 national house-hold surveys. In rural areas, where it appears to have been no growth in consumption, the percentage of people in poverty rose from 37 to 42 per cent, corresponding to 7.0 million to 8.5 million persons in poverty. In urban areas, the corresponding increase was from 10 to 12 per cent, recording an increase in absolute numbers of the poor from 0.3 million to 0.4 million. It should however be noted that although rural areas remain markedly poorer than urban areas and saw lower growth in mean living standards, the proportionate rise in poverty is actually higher in urban areas.

Although similarities exist, the experience of poverty varies in its nature, extent and trends between regions, rural and urban areas (Muhumuza 2002). Uganda National Household Survey (UNHS) data of 1997, for instance, indicates that in eastern Uganda, which was the greatest proportion of the population, 54 per cent of the people live in absolute poverty, compared to 28 per cent in the central region. According to Okurut et al (1999) and the UNHS (2003), the northern region in Uganda was ranked as the poorest in terms of welfare indicators. The western region was also rated as the worst in terms of welfare indicators even though this region has the second highest income levels in the country (Appleton 1999).

As earlier discussed, SAPs were first introduced in Uganda in 1987. There was hope that the reforms would sooner than later transform Uganda into a safe and a happy place for all Ugandans where living conditions and standards would become better. However, more than ten years later the government of Uganda in its Strategic Framework for National Development (1999) showed dissatisfaction of the developments. The Framework observed that Uganda's population is characterised by high levels of illiteracy; high infant, maternal

and adult mortality and morbidity rates; poor nutritional levels; poor sanitation and hygiene; high levels of unemployment and poverty. Similarly, widespread concern about unchanging poverty levels is also reflected in the report from the 1999 Uganda Participatory Poverty Assessment Project (UPPAP), a major attempt by the Ugandan government to consult the people and hear “the voices of the poor”. A summary of UPPAPs’ major findings based on seven districts concluded: “Through analysis of long-term trends in poverty, many people felt that poverty was worsening in their communities ..... Local people reported more movement into poverty than out of it (Reinika and Collier 2001). In a related study, Kiyaga-Nsubuga and Nangendo (2004) observed that recent statistics on poverty have raised concern suggesting that the proportion of Ugandans living below the poverty line may have risen to 38 per cent. Furthermore, income inequality has increased between rural and urban areas and between regions, with the north coming off worst followed by the eastern region. In the northern region, 68 per cent of the population is below the poverty line – accounting for over one third of the country’s poor – while the corresponding figures for the central, western, and eastern regions are 20.3, 28.1 and 36.5 per cent respectively.

The respondents’ views on SAPs and poverty in Uganda were not much different from the findings derived from the secondary data that has been discussed above. While responding to the question which solicited their views on the impact of the economic reforms on the economy of Uganda, respondents in the focus groups and those from NGOs and workers organisations were unanimous that one of the major negative impacts of SAPs has been the increase of poverty among the people. One group which comprised the Uganda Management Institute faculty identified the poverty repercussions when they stated that:

*“For individuals, poverty is a vicious circle of poor health, reduced working capacity, low productivity, and shortened life expectancy. For families, it leads to the trap of inadequate schooling, low skills, insecure income, early parenthood, ill health and an early death. For societies poverty hinders growth, fuels instability, and keeps poor countries from advancing on the path of sustainable development”.*

The rest of the groups observed that from the time the World Bank and IMF started promoting SAPs in the Third World in the 1980s, *“poverty and income inequality have intensified and societies have become increasingly polarised”*. SAPs were widely criticised by participants in the focus groups on the grounds that they have failed to stem the gradual decline in the economic and social performance of the targeted countries. They argued that instead of reducing poverty, in some cases it has been exacerbated and has widened the disparities between the various sections of society. They attributed community and household poverty to: *“lack of access to adequate services and poor infrastructure: unemployment, inaccessible health care, lack of access to quality education, lack of credit and extension services”*. The participants also agreed that

poverty and exclusion have intensified due to political violence and crime, with more than half the country affected by civil war at some point since the early 1980s. They noted that while statistical evidence suggests remarkable economic growth in Uganda associated with the adjustment macroeconomic policies, the resultant adverse effects on the poor show that the poverty situation is worsening. One group observed that: *while the majority of Ugandans were experiencing the pains of poverty, the major beneficiaries of adjustment have tended to be small groups of individuals with access to national wealth implying that there were beneficiaries through corrupt tendencies*. They lamented that: *“We are witnessing peculiar types of social polarization and fragmentation, both of which are detrimental to the social and political order upon which independence was built”*.

The debt burden that Uganda faces and currently totalling to nearly US\$4000 million was also identified as one of the developments that are worsening the level of poverty. A participant in Group 6 emphasized the negative impact of the debt burden when he stated that: *“the debt burden has reduced funding, which would go to priority sectors like primary health care, education, agricultural extension and development of rural roads to enable farmers access markets”*. This squares with the evidence provided earlier in this chapter where focus group respondents observed that SAPs had led to reduced expenditure on infrastructure, public utilities, health, education and other services. In Uganda, the need to borrow externally arises because of the mismatch between the imports of goods and non-factor services including external debt service and settlement of external arrears and the building of reserves on the one hand and the exports of goods and non-factor services on the other. Up to now and for the foreseeable future resource requirements exceed availability, thus creating a funding gap, which is meant through foreign financing (Uganda Debt Network 2002). Although the debt indicators have improved as a result of the Highly Indebted Poor Countries (HIPC) debt initiative, they are still high (see Table 3.9) considering the nature of Uganda exports and the vulnerability of the economy to exogenous shocks. Between 1992/93 and 2000/2001 the debt stock/exports of goods and services ratio declined from 1566.6 per cent to 319.1 per cent. During the same period, the ratio of total debt service/exports of goods and services declined from 83.2 per cent to 20.8 per cent (UDN 2002). These ratios are, however unstable due to the unsustainable nature of the country's external sector performance.

**Table 3.9:****Uganda's External Debt Outstanding; 1997 – 2002 (In Million of U.S. Dollars)**

Institution/Year	1991	1992	1993	1994	1995	1996
Multilateral Institutions	1,643.6	1,755.9	1,816.0	2,156.1	2,487.9	2,655.9
Bilateral Paris Club	285.5	273.2	282.0	332.0	380.1	350.6
Bilateral non-Paris Club	527.3	378.2	415.6	398.4	407.9	404.5
Banks/Other	136.2	240.1	123.9	112.9	111.1	105.6
<b>TOTAL</b>	<b>2,592.6</b>	<b>2,647.4</b>	<b>2,637.5</b>	<b>2,999.4</b>	<b>3,387.0</b>	<b>3,516.6</b>

	1997	1998	1999	2000	2001	2002
Multilateral Institutions	2,763.1	2,826.9	2,782.6	2,936.4	2,912.8	3,318.1
Bilateral Paris Club	339.1	324.5	288.3	260.6	122.9	111.4
Bilateral non-Paris Club	456.9	461.8	361.7	332.6	341.3	377.3
Banks/Other	98.8	51.2	67.0	50.4	18.0	18.5
<b>TOTAL</b>	<b>3,657.9</b>	<b>3,664.4</b>	<b>3,499.6</b>	<b>3,580.0</b>	<b>3,395.0</b>	<b>3,825.3</b>

Source: *Uganda Debt Network (2002) (UDN)*

The poverty prevalence and its effects, which have been discussed above inevitably, call for strategies to alleviate and eventually eradicate it from the people. The government must play a leading role in this crusade. The Uganda government has realized that the high economic growth standards for the poor is anticipated. The recognition of increasing poverty levels therefore precipitated government to take the necessary steps to reverse it. More particularly government attention has been focused on understanding the nature, magnitude, causes and location of the poor with the view of designing appropriate policies and/or refocusing the existing ones to cater for the plight of the vulnerable. According to a respondent from the Ministry of Finance, Planning and Economic Development: *"The government has initiated a three-prolonged approach to reducing poverty by taking actions to: (i) Increase incomes of the poor households, (ii) Improve the quality of life for the poor, (iii) Re-establish peaceful conditions throughout the country and strengthen governance structures.* The first approach focuses on income-augmenting activities-roads, land, agriculture, rural markets, employment and labour productivity, and rural financial services. The second targets the provision of basic social services – primary healthcare, education, water and environmental sanitation, and disaster

management. The third element stresses actions to improve security and reforms of state and government organs to strengthen transparency and accountability.

In 1997, the government launched the Poverty Eradication Action Plan (PEAP), which has in recent years gained substantial momentum, building upon recent successes and rectifying problems. The PEAP sets forth the objective of reducing the incidence of poverty to 10 percent by 2017. In addition to these, the government has redirected budgetary resources towards programmes, with the highest potential for poverty reduction as well as creating a Poverty Action Fund (PAF) in 1998 (MFPED 1999/2000). The government is also taking advantage of debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative, along with other forms of donor support, to increase public expenditures on growth-oriented and anti-poverty programmes and accelerate the implementation of PEAP. The Uganda government has also resolved to transform the agricultural sector as a means of reducing poverty. This decision is in advanced stage and is guided by the Plan for Modernising Agriculture (PMA). The overall objective of the government's anti-poverty strategy has been driven by the desire to raise family incomes. Unfortunately however, despite the above-mentioned anti-poverty strategies by the government, the majority-poor have not yet seen significant changes in their life-qualities. They continue to be poor and suffer from the poverty consequences. There is a wide-spread belief that the prevalent high levels of corruption among government officials has been the major cause for this undesirable development. Instead of putting the funds from the Poverty Eradication Action Plan (PEAP) projects to proper use, a lot of money has been misappropriated by the implementing government officials.

### ***The Positive Aspects of SAPs***

The impression anyone reading this work is likely to take away is rather gloomy. But in the midst of misery there are some hopeful signs. Of course, it would be wrong for one to ignore some good aspects that have resulted from the adjustment programmes. Regardless of what one may feel about structural adjustment measures currently being adopted by a number of African countries, there is no doubt that reforms have achieved what a few years ago would have been considered impossible and there is no doubt that some countries at least have performed well in achieving many of the SAP goals summarized earlier. Just to restore the balance, let us mention some examples of this progress:

Thirteen years after the World Bank's first SAP was introduced, the Bank declared structural adjustment a success. In its publication "Global Economic Prospects in the Developing Countries" 1993, the Bank asserted that developing countries face brighter prospects and this can be attributed mainly to widespread economic reforms these countries have adopted, notably privatization, greater openness to trade, reduction of fiscal deficits, and commercial debt overhangs. Although this may be seen as a minority opinion, there are several positives one can identify that have happened as a result of the structural adjustment programmes.

A useful starting point in defense of SAPs is the fact that most of the criticisms levelled against the World Bank and IMF ignore the counter-factual argument: most African nations embarked on the Bank and Fund supported SAPs in the early 1980s because of economic distress. What would have happened in the absence of SAPs? Although counter-factuals are hard to prove, in most African nations as observed by Nkombo Muka (1998) it is easy to make educated guesses as to what would have happened, and it is most probable that even if economies have continued to perform poorly under SAPs, they would have perhaps performed even poorer without them. Countries that received adjustment loans did so because they were having poor macroeconomic and growth outcomes (Easterly 2002), and so it would not be surprising if we found a negative association between these outcomes and adjustment loans without correcting for selection bias. To use a medical analogy, we would expect hospital patients to be sicker than the average person on the street, but this does not imply that hospitals cause sickness.

From our earlier discussions on how SAPs came up, not too many people would disagree with the view that Africa's "disarticulated" economies were overdue for fundamental restructuring, and that SAPs would probably accelerate the process of rational allocation of productive resources. African countries embarked on SAPs because they found what Edward Jaycox (the long-serving World Bank Vice-President in Charge of Africa) calls "their backs to the wall". Jaycox (in *The Courier*, 1991) says most countries did not introduce SAPs enthusiastically: "They entered into SAPs because they were desperate and when they did so there were no goods on the shelves, no spare parts, no trucks, no batteries and no tyres .... no drugs in the clinics, no chalk and books in their schools".



According to Avramovic (1989), SAPs have contributed to policy evolution in Africa in at least four areas:

- (a) Fiscal discipline: many problems facing African nations – in their accounts, domestic inflation, administrative controls, price distortions, and insufficient investment – have their origin in the fiscal imbalance. In countries suffering from hyper-inflation, monetary stabilization may be a precondition for recovery of public revenue and thus for reconstruction of public finances generally. The argument is that SAPs help to bring about this discipline. Moreover, both the World Bank and IMF have become more flexible, relying less on simple budgetary aggregates such as total spending or budget balance and more on the “quality” of fiscal adjustment. Since the economic impact of their fiscal provisions will be much affected by which expenditures are trimmed and what is done with taxes, the Bank and IMF are becoming more insistent on knowing how a government proposes to implement promised reductions in budget deficit – increasingly urging governments to install social safety-nets and asking what some African government officials would call “awkward” questions about military spending, a perennial problem in Africa.
- (b) Export expansion: export expansion of manufactures now commands universal support. It provides for economies of scale: the larger the market in which one sells, the greater the possibilities of expanding production, perhaps at falling costs, and expanding sales, probably at unchanged prices, thus raising employment, income and profit margins. Furthermore, rising export earnings will help alleviate the foreign exchange constraints to growth, a critical issue in most African nations. The argument is that SAPs help to increase the out-ward orientation: devaluation for instance, aims at making exports more attractive on the world market, thereby providing exporters with some incentive to export more.
- (c) Management of public enterprises: public enterprises in infrastructure, goods and services production, and trade represent a large proportion of the total number of businesses in many developing countries. Their management and finances have a major effect on public finance and credit in general.

Management weaknesses have been frequent in most African state-owned enterprises (SOEs), mostly because of political patronage or insufficient operational autonomy; and finances have frequently been weak because the SOEs have been used as a vehicle for subsidization of consumption, as a source of employment, or as a conduit for irregular transactions. The World Bank, as an investment project lender, has emphasized institutional building at the enterprise and sector levels. African nations have now become increasingly aware of the need to improve and upgrade the operations and management of SOEs, with many now engaging in outright privatization.

- (d) Agricultural prices: concerned with the agricultural lag in a number of African nations and their rising food imports, both the World Bank and IMF have insisted on improvement of agricultural prices in internal markets. The Bank in particular has normally made its agricultural lending conditional upon price improvements where warranted. The need to provide adequate price incentives in agriculture is now recognized in a very large number, perhaps most, African countries.

Furthermore, we should not be oblivious of the fact that the World Bank and IMF have a right to safeguard the resources transferred to them by member governments. Although SAPs remain controversial and generate resentment from time to time, it is hard to deny that those who provide assistance and loans can legitimately take an active interest in the design of the recipient country's policies.

The deregulation in some countries of certain economic activities, particularly the abolition of the systems of price controls and import licensing, eliminated bottlenecks in commercial transactions and effectively dealt with a source of official corruption. In addition, among the four current catchwords – liberalisation, deregulation, privatisation and decentralisation – the last, decentralisation, can mean empowerment of local communities, greater responsiveness to their needs and greater effectiveness in the use of resources. Of course, there have been cases of corruption among some of the officials in the decentralised districts, a practice which obviously affects negatively the service delivery to these communities.

Mauritius, an important success story in the sub-region which has often been referred to as an “African miracle” deserves special mention. All indicators since 1980s point to a society that has vastly improved its living standards, at the same time, extended socio-economic benefits such as education, health care and housing to virtually the entire population. An ILO (1999) analysis attributes much of the progress to the country’s functioning democracy and the stable social climate which prevails there. The ILO also observes that there is little doubt that international trade and global markets played an important positive role in Mauritius’ recent success. Unemployment rates had declined sharply during the 1980s with trade related sectors accounting for most of the jobs. The same ILO study however observes the end of Mauritius’ “honeymoon” when it notes that there are new strains linked to the exhaustion of the export processing zone strategy which has been operating since the early 1970s. The unemployment rate has risen since the 1990s to 6 per cent according to official government estimates and to over 10 per cent based on the international definition of unemployment. What is still consoling however, is the fact that such an unemployment rate is still far below those of the majority of African countries some of which have unemployment rates of over 40 per cent.

Similarly, SAPs in Mali and Uganda have had some success (Baines, 2001). In 2001 Mali’s growth rate was a modest 5 per cent with a complementary inflation rate of 3 per cent. Uganda’s growth rate topped 5.5 per cent with an inflation rate of 7 per cent which is a tremendous improvement from the three digits inflation experienced in the 1980s. However, neither country can claim real reduction in poverty. As Baines (2001) has noted, one out of every five Malian children die before the age of five, and most Ugandans do not live past the age of 40.

Uganda has been implementing an ambitious programme of macroeconomic adjustment and structural reform since 1987, with strong support from multilateral and bilateral creditors and donors. According to the IMF (1997), the government’s strategy of maintaining macroeconomic stability through appropriately tight fiscal and monetary policies, and of implementing a programme of substantial economic liberalization has resulted in high sustained growth, low inflation, a steadily improving balance of payments, and an increasingly vibrant and diversified private sector.

For example, the Uganda government started public enterprises (PE) sector reform and privatization in 1992 when there were over 150 parastatals in virtually all sectors of the

economy, employing more than 30,000 people, accounting for 25 percent of total formal employment and generating about 10 percent of GDP (World Bank 2006). The role of the reform was to redefine the role of the state in the economy, reduce the financial and administrative burden of the public enterprises sector on government, improve PE efficiency and encourage investment. At that point in time, PEs were receiving direct and indirect subsidies at a cost of an estimated 50 percent of total revenues in 1992 - 1993. The PEs accounted for about 17.8 percent of total credit to the economy in 1992 and 3.8 percent of external debt obligations services during the 1980s in addition to accumulating internal and external arrears (World Bank 2006). The Public Enterprise Reform and Divestiture (PERD) Statute was passed in 1993 to allow for reducing the state's share in economic activity and improving the efficiency of the remaining enterprises. And obviously, the elimination of government monopolistic marketing boards (e.g. Coffee Marketing Board, Lint Marketing Board, Produce Marketing Board etc), price controls, export taxes and exchange restrictions contributed to a substantial expansion and diversification of the export base.

Private investment as a percentage of GDP is decidedly more directly linked to privatization which can bring in considerable foreign investment as well as domestic investment. In Uganda, according to the World Bank (2006), the baseline figure was private investment at 12 percent of GDP in 1997 and the target was 17 percent in 2004. This target was indeed met, as in 2004 private investment was 16.9 percent of GDP (and increased to 17.3 percent in 2005) after a steady climb during the previous five years. Also on the macroeconomic level, the Uganda Investment Authority confirms that the privatization programme has been key to attracting foreign direct investment (FDI); the largest FDI projects involved privatizations. FDI has seen an upward trend in last several years, increasing 84 percent from US\$133.4 million in 2001 to US\$245.4 million in 2005 (World Bank 2006).

Similarly, the IMF (1997) is convinced that substantial progress has been made in Uganda since the implementation of economic and financial reforms began two decades ago. During the three period 1994/95 – 1996/97, real GDP growth averaged 8 percent a year and underlying inflation (i.e. excluding food crop prices, which fluctuated due to variable weather conditions) remained around 5 percent (and has consistently remained below 10 percent) up to 2007. The fiscal deficit (excluding grants) was reduced from 11.2 percent of GDP in 1993/94 to 6.5 percent in 2003/04 due to strong revenues and rationalization of development expenditure (MFP & ED 2004). And as noted by the IMF (1997), the improvement in the fiscal position enabled the monetary authorities to gain control over

monetary aggregates. The annual rate of growth of broad money fell from 33 percent at the beginning of the programme to 16 percent in 1996/97, nonetheless allowing for a strong expansion in bank credit to the private sector. In line with these developments, the external current account deficit (excluding grants) declined to 6.1 percent in 1996/97, and a strong improvement in the overall balance of payments permitted a steady increase in international reserves to 4.6 months of imports of goods and nonfactor services (MFP&ED 2004).

The public service reform and decentralization process in Uganda has continued to be pursued within the context of the government's Public Service Reform Strategy which is aimed at (i) optimizing the size and structure of the civil service; (ii) job training, evaluation and pay reform; (iii) strengthening of control systems; and monitoring and improving operating efficiency and effectiveness. The government completed its review of the salary structure of the public service in 1997/98, and completed in 1998/99 a job evaluation and grading programme that permits closer linkage between workers' performance and remuneration. In addition, the personnel management systems have been strengthened and control systems have been established in the management of the civil service. The computerization of the management system has gradually introduced efficiency in the service (MPS Report 2004).

A majority of public servants who were interviewed by this researcher affirmed that: the government of Uganda is committed to good governance and upholding the rule of law, which are critical to the achievement of fiscal sustainability, the effectiveness of public expenditures, and the development of private sector economic activity. As a consequence of the SAPs, the principal objectives of the government's reform programme remain: sustaining high and broad-based economic growth and ensuring that the poor are able to participate in, and benefit from, increased economic activity. The overall government strategy focuses on maintaining macroeconomic stability; liberalizing further the economy to promote diversified private sector export oriented growth; and undertaking structural and institutional reforms that will further reduce impediments to growth. These include implementing legislative and judicial reforms supportive of private sector investment and economic activity; improving physical infrastructure (with emphasis on roads, schools and health facilities); increasing social expenditures with a view to building human capital, primarily through improved access to education (e.g. Universal Primary Education) and health services; and pursuing good governance. These policies are key components of the

government's Poverty Eradication Action Plan (PEAP), which focuses on reducing poverty through economic growth and human and physical resource development.

### ***The Way Forward For Africa***

Despite these achievements, and the degree of success in meeting the explicit operational goals of SAPs, critics remain, to some extent because they seek wider goals than the meeting of economic targets. The opponents of SAPs, which include many non-government organisations (NGOs), grassroot organisations, social movements, church groups, economists, social scientists and a number of United Nations agencies, have rejected the narrow conception of economic growth as the link between adjustment and the achievement of social objectives (Weisbrot, 2001). They argue that as long as social objectives remain, at best, secondary goals of SAP policies, the goal of equitable resource and wealth distribution will remain marginal and incidental. They charge that SAP policies have contributed to a significant redistribution of income and wealth from poor to rich both nationally and internationally. On the other hand, supporters of SAPs often explain that while SAPs are difficult to implement, there is simply no alternative. The World Bank and IMF have indeed succeeded since the 1980s in reducing the development options for virtually every Southern country to one: the adoption of SAPs.

The countries whose people feel they have been negatively affected by the SAP policies naturally keep asking whether there is any better alternative to SAPs. Of course several alternatives have been suggested. The UN Economic Commission for Africa (UNECA, 1989) provided a comprehensive and credible alternative to SAPs. The African Alternative Framework (1992) called for "adjustment with transformation" which called for a reduction in the continent's reliance on external trade and financing, for the promotion of food self-sufficiency and for greater popular participation in economic planning and decision making. The Third World Network and Freedom from Debt Coalition (1998) have proposed numerous alternative policies in the area of international trade and sustainable development. The remaining part of this chapter therefore attempts to focus on some possible alternatives which might reduce the hardships that SAP policies have placed on Sub-Saharan Countries.

In Africa, governments have always had a direct role to play in the economic and social development of their countries. It may be argued that SAPs have incapacitated these governments. Many governments in Sub-Saharan Africa have experienced "a drastic erosion

of their capacities to function as a state" (Nkandawire, 1998) due to policies that have perceived government as an agent that distorts and is opposed to the operations of markets. African states today are typically left in a fragile situation with a reduced institutional capacity to function. And as a result, the scope and quality of public social services and infrastructure have progressively deteriorated. It is therefore evident that some state involvement will be needed in Africa's development process. More specifically, there is a need for increased investment in infrastructure, in extending markets to reduce transaction costs, in increased extension services etc. All these require a more active state than was allowed under SAPs. Even those who favour a minimalist state acknowledge that governments have their uses as agents of economic transformation (Tangari 1999). The evidence from the most economically successful countries in the past fifty years – the newly industrialised countries (NICs) of East Asia, supports extensive state intervention as being beneficial to economic growth. As observed by Wange and Semboja (2003), fiscal support was provided by the governments of Japan, Korea and Taiwan to facilitate investments through reducing the effective tax rate on corporate income and allowing new firms to retain a higher share of profits and investment tax credits. Financial incentives were given in form of low and stable interest rates, preferential policy loans and priority allocations of credit and foreign exchange. Competition policy was geared to productivity and capital accumulation sometimes restricting competition and in some cases promoting it. This suggests that Africa will need to face the challenges of mobilising resources for financing industrialisation in ways which do not rely on forced savings in agriculture. In essence, the emerging consensus is that SAP was wrong in its over-arching emphasis on "getting prices right" as well as asking governments to "get out of the way". As Bromley (1995) has written, the crucial issue in the political economy of successful adjustment is not to reduce the role of the state. The activities of the state should be "restructured so that it becomes a facilitator of, rather than an obstacle to development". Good government is as essential to development in Africa as it is in the rest of the world. Where inadequate competition exists, the government will have to do more than simply "get prices right" to get farmers to increase output and to adopt new crop varieties.

More direct involvement by African governments in the management of their economies is not likely to be pleasant news for the World Bank and IMF but this should not prevent the concerned governments from pursuing what they think is most appropriate to their respective countries. The Malaysian experience should act as a good development example for the Sub-Saharan countries. For example during the Asian financial crisis, the

government of Malaysia rejected IMF loans and conditions, and opted for the unorthodox measure of currency controls (Weisbrot 2001) (rather than using exorbitant interest rates, as high as 80 per cent in Indonesia, to attempt to stop the depreciation of the local currency). Neither the bond markets nor the Fund were pleased with this policy. But Malaysia suffered less economic contraction than the other affected countries, and it appears that the currency controls helped. Similarly, as observed by Soludo (2003) the East Asian countries did not industrialise by having the two famous International financial Institutions literally taking their policy-making institutions hostage. The Asian miracle admits that “there is no unique Asia experience” as each country did what it considered to be of prime national interest in order to industrialise and grow. Under SAPs, most of Sub-Saharan Africa is being handed a common recipe that neither takes cognisance of individual country peculiarities nor appreciates the extent of constraints imposed by external environment.

Given that most Sub-Sahara African countries have a comparative advantage in agriculture, long-term growth prospects in Africa will depend on how well agriculture performs. In most countries, agriculture will be a source of foreign exchange and savings. It will also be an important source of inputs into industry and a major contributor to the market of some of the “infant industries”. Unfortunately, the adjustment policies have been partly responsible for retarding agricultural development in Africa. The withdrawal of government subsidies from agricultural inputs like fertilisers and other equipment sowed the seeds of the agricultural decline. Agriculture is the mainstay for the majority of the Sub-Sahara African countries and if the sector has to be modernised, farmers must not be completely abandoned by governments. Secondly, as observed by Stein (1999), structural adjustment policies have at best encouraged static comparative advantage with an emphasis on monoculture, cash crops, and resource extraction. However, global production increasingly emphasises technologically intensive production. Already low demand exists for traditional African products. Both of these structural phenomena will continue to put downward pressure on traditional African export prices. To exit from this handicap African countries need to diversify their exports and to create new competitive advantages which will give them greater access to global markets. Otherwise African economies will remain extremely vulnerable to volatile world market fluctuations. In addition, every African country needs to have in place three operational medium and long-term policy frameworks for agriculture, industry and technology. While the latter is an important element of the first two, in the era of globalisation it becomes a central part of the means to reverse Africa’s marginalisation. Policies, as they relate to education, labour, finance, foreign investment, trade etc., should



be seen as feeding into the development of agriculture, industry and technology so as to boost African competitiveness.

With regard to trade, African countries need to come together and integrate into strong and active regional groupings. The basic economic rationale for African regional integration (RI) is succinctly articulated by McCarthy (1996) as follows:

*"..... the small size of most developing countries, notably those in Africa, restricts the ability of these countries to benefit from lower unit costs in a process of inward-looking development. Extending to markets through regional integration suggests itself as the logical way to enable manufacturers to produce at lower unit costs for a larger protected market. The latter is regarded as a more viable source of the benefit of economies of scale than the world market because of the anticipated problems of access and the higher transaction costs of producing for the world market".*

Currently, most of the African LDCs belong to various economic groupings like the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS), the Preferential Trade Area for Eastern and Southern African Development Community (SADC), the East African Community (EAC), the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of the Great Lake Countries (CEPGL). However, despite various efforts, resolutions and agreements made at high level, no substantial progress has been made in terms of intra-African trade and joint ventures for production and distribution. According to UNECA (2000), intra-African trade remains less than 6 per cent of the total external trade of the region. Some of the reasons are that most of the countries produce similar products; transport systems are linked mostly to trade with developed countries; countries fear to forego customs revenue, which is an important domestic source of financing the budget; lack of communication among African commercial banks and shortage of foreign exchange; non-tariff barriers; lack of inter-connected information systems; political and currency instabilities; and lack of recognition for cross-border trade.

As a result of the above constraints, the African LDCs have not benefited greatly from sub-regional cooperation. Countries that tried to export to neighbouring markets failed due to the unpredictability of currency fluctuations. For instance, Botswana's attempt to export manufactured goods to Zimbabwe was frustrated by the devaluation of the Zimbabwe dollar. The Gambia's booming re-export trade to Senegal was wiped out by the devaluation of the CFA Frank (UNECA 2000). If the Sub-Saharan Africa region has to benefit from regional integration all the above bottlenecks must of necessity be done away with.

Special attention must be paid to the fight against poverty. Africa and poverty are more or less synonymous and the fact that the African countries are the poorest in the World community of nations makes it all the more imperative for a renewed focus on poverty alleviation. And as UNECA (2000) stated, poverty is a development issue, not a social one.

The alleviation of poverty in sub-Saharan Africa will be hard to achieve without serious commitment (policy, financial and otherwise) to capacity building through improvements in the education and health sectors. As noted earlier, most of the population in the African LDCs are engaged in agriculture where basic education would be likely to increase productivity. Provision of basic health services would increase both quantity and quality of labour. High morbidity and mortality of infants and children could result in a greater loss of working hours among parents and the negative effect in terms of loss of income and other earnings is likely to be high among poor households. Thus, the returns on investment in basic health services, including lower mortality, lower fertility and eventually a reduction in the overall rate of population growth. In addition to the governments' commitment to provide basic education and health service, there is a need to identify and protect certain core social programmes from budget cuts and even to take steps to enhance such activities. The core social programmes may include primary education and primary health care and family planning programmes, particularly in the rural areas where an average of 80 per cent of the population lives (UNECA 2000). And as we have already discussed, agricultural support services, including increased inputs, storage facilities, seeds, pesticides, fertilisers and other extension services, should be protected. Projects that deal with food security, including the nutritional value of food products and nutrition education, are particularly important to the poor. And further more, favourable financial credit schemes should be extended to the small farmers and other people in the informal sector. Special financial institutions should be established specifically to cater for the needs of the poor.

Quite often it has been observed that because of the limited options available for monitoring and enforcement, many poverty alleviation programmes have not reached their intended beneficiaries but instead have benefited the better-off more disproportionately. In order to circumvent this constraint of proper targeting of intended beneficiaries, which is traditionally done through direct targeting, the UN Economic Commission for Africa (2000) suggests that governments should apply characteristic targeting of the poor. The elements to consider

while targeting the poor may include landlessness, ownership of livestock and other forms of wealth, level of education, housing and related features.

The development of Sub-Sahara African countries will further largely depend on the quality of their people. Africa will be able to achieve sustained economic growth only if it invests heavily in its people, both to reduce poverty and enhance the continent's ability to compete globally. Education and training are vital public goods that governments must guarantee if their economies are to become more productive and competitive. Interestingly, the World Bank (2000) in its publication "CAN AFRICA CLAIM THE 21<sup>ST</sup> CENTURY?" devotes two chapters to "investing in people" and combating poverty, including through "distributional" measures. What is significant in this publication is the fact that for once the World Bank asserts that while there may be some opportunities for enlisting private funding for education and health, these sectors require significantly greater public funding.

It is extremely important that African countries strive to ensure that their people acquire technological, vocational and entrepreneurial skills. This will obviously boost industrial and agricultural development of these countries. The ILO (2000) observed that the failure of economic development in Africa may to some degree be ascribed to the absence of entrepreneurs who are prepared to invest and take business risks. This had led to low level of investment in productive activities. In Africa, being in government service is considered by many as preferable to being in business. As long as a nation has such a culture, it will remain undeveloped irrespective of the prevailing external conditions. It is after all individual businesses that produce goods and services and are involved in trade, exports and imports.

It is evident that the employment problem in the sub region will continue to be one of the most pressing development challenges in the 2000s and beyond. This raises questions on the approaches which have hitherto been adopted to address the employment problem. Clearly, current trends indicate that without a concerted coherent and increased efforts to deal with the problem, the situation could become worse. Therefore a more comprehensive approach to job creation is required. Comprehensive employment policies will need to be put in place, designed to consolidate into integrated and coherent document proposals destined to facilitate the attainment of employment generation objectives. But of course as the ILO (2000) has noted, a necessary condition for arresting the deterioration in

employment creation, is to achieve a high rate of sustained economic growth of at least 5 per cent per annum or higher.

The debt burden deserves special mention. This is because it is perhaps the single most important issue relating to the impact between Africa and the international community. Many analysts of the African crisis have stressed time and again that the resumption of long-term sustainable growth in Africa would be extremely difficult, if not impossible, without addressing the debt burden. Alternative proposals for solving the problem are on the table. Increasingly, however, analysts would agree with Sachs (1996) that "the assistance should come in the form of debt cancellation". And as Soludo (2003) has stated, what Africa needs in this twenty-first century, is not increased aid but rather a levelling of the playing ground. An important element in this is unconditional debt write off for all the indebted Sub-Sahara African countries.

In conclusion, it must be emphasised that time has come for Africa to revisit its development thinking. The continent needs a new set of tools because the old ones are just not working any more. The Sub-Sahara African countries need to abandon the illusion that, soon or later, development will "trickle down" to everybody, and agree instead on a model of development that builds upon people's resourcefulness and ingenuity to achieve greater social equity and economic efficiency. Africa's development priorities must ensure that people – men and women, young and old, sick and healthy – get a chance to live long and productive lives.

Finally however, while analyzing the SAPs and the African dilemma, one is left with the question: The IMF and World Bank models seek to get the economic basis in working order, presumably with the expectation that the social and human capital (including health) problems will subsequently be sorted out in consequence of greater prosperity. The alternatives generally want a more direct attack on poverty, health, debt and human capital development, and more direct government involvement. But the poor African countries are left with the problem of how this gets paid for. In the meantime the world is moving on, HIV/AIDS and other disease problems are taking their toll. If this is so, can African countries afford to abandon the IMF/World Bank model, or do they have to try to adapt it to include more direct interventions on other key problems? Such a question to which this writer does not have an immediate answer seems to leave African countries at the original

crossroads and therefore Africa's final rescue calls for further debate and positive action from all concerned parties.

## **CHAPTER FOUR**

### **THE STRUCTURAL REFORMS AND IMPLICATIONS TO UGANDA MANAGEMENT INSTITUTE**

#### ***Introduction***

There is no doubt that management development, training and education, is vital to sustain Uganda's economic recovery programme, the professionalisation of the public service, and the growth and development of all sectors. Such growth would naturally result in a better quality of life for Ugandans. The need exists to strengthen managerial capacity and management development in all sectors and at all levels with consequent need to enhance both physical and human resources of the institutions which are concerned with management. According to the ILO (1995), present day managers need continuous "retooling" and future managers need to be adequately prepared to face the challenges.

From a historical perspective, Uganda's rapid growth in the immediate post independence years (see chapter 3) was partly attributed to the quality of its management capacity (Brett 1998). Uganda once had one of the most efficient, effective and highly motivated public service in Sub-Sahara Africa (Langseth 1996). Similarly, private sector enterprises recorded growth until the Asians (who owned most of the modern private sector enterprises) were expelled in 1972 and their enterprises transferred to the poor performing parastatal sector. With the decline of the private sector, the public sector became the only refuge for those seeking employment, leading to overstaffing and inefficiency.

As observed by Bigsten and Kayizzi (1999), the East Asian experience has shown that countries managed to reach rapid levels of economic growth partly thanks to an earlier emphasis on human capital development and the expansion of primary health care. Studies have shown that inadequate human resources impose a constraint on growth as well as on the country's ability to enter the more lucrative manufacturing niches that have been possible by global trade (ILO 2003). Therefore to meet the challenges of economic recovery and long-term growth, Uganda needs to develop and strengthen its managerial capacity.

This is because no economic recovery plan is complete unless accompanied by a dynamic managerial strategy (Balogun 1991).

While implementing the reforms brought about by the structural adjustment, the Uganda government works in partnership with a broad range of stakeholders in designing and implementing its development programmes, who include bilateral and multilateral donors, UN agencies and non-governmental organisations (NGOs). Management Development Institutions like the Uganda Management Institute (UMI) also need to establish a partnership with government and the rest of other organisations to contribute towards the recovery programme. As a result, the nature of UMI business will also change because of the public sector reforms, the decentralisation policy, the public enterprise reforms and needs of the emerging private and informal sectors. Uganda Management Institute could aptly be described as an institution in transition attempting to define its new clientele/market, assess its resources (human, financial and capital), develop new programmes and change its structure and enhance its internal management capacity. This chapter therefore attempts to analyse the implications for UMI of the impact of the economic reforms on Uganda Management Institute's Strategic development. Obviously, the changes that eventually emerge as a result of the reforms are likely either to create opportunities or threats to other institutions. Uganda Management Institute whose role is to develop sustainable management capacity would be doing itself a disservice if it failed to scan the environment caused by the reforms so as to assess the implications to its strategic objectives and role.

### ***The Public Service***

The public service is the operational arm of government charged with the analysis, recommendation and administration of public policy. Because of this central role, many factors – historical, political and ideological – have shaped its functions and structure. The public service inherited from the colonial regime was relatively small, and had the limited objectives of maintaining good government, law and order. The public service in independent Uganda has changed its structures and functions. Besides being the custodian of good government, law and order, it has increasingly become the vehicle for social and economic development and it therefore needs to be efficient and effective. In fact this was the major reason why reforms in the Uganda public service have been effected since the early 1990s. Management development institutions like UMI obviously have a role in ensuring that the country has highly competent bureaucracies which are important in

shaping and implementing development policies. UMI's role was well emphasized by one of the senior officials in the Ministry of Public Service, a Ministry responsible for steering the reforms in the entire Uganda Public Service. In an interview with the researcher, the official revealed that:

*"government considers Uganda Management Institute and other similar institutions in the country as our major stakeholders in our crusade to improve the efficiency and effectiveness of the public officials and indeed of other workers in other sectors of the economy".*

In many Sub-Saharan countries, the ineffectiveness of the public service threatens almost all development efforts as well as basic public administration. This point was nicely expounded by the Head of the Public Service in Uganda during an interview with the author when he stated that: *"Weaknesses in central functions of government are particularly damaging since they can affect all government activity and the economy as a whole. The capacity to make and implement policy is often reduced, revenue goes uncollected, such resources that are available are not well used, and morale and motivation have ebbed away. These are both effects of, and significant contributors to poor economic performance. This has rightly been seen in a number of countries as producing a crisis of government administration. This crisis is doubly serious at a time when structural adjustment programmes are requiring key central public service institutions to plan and manage fundamental transformations in the economy".*

With regard to the future, the Uganda Minister of Public Service noted in an introduction to a programme statement for 1997 – 2002 Public Service Reforms (Uganda 1997) that: *"We must build a public service which is capable of meeting the demands of an expanding and increasingly complex economy. Among the immediate challenges is how to enlarge local capacities for management and policy formulation at the centre and in the districts".* This therefore creates an opportunity to Uganda Management Institute to anchor itself in the middle of the capacity building needs of the Uganda public service so as not only to contribute to national development but also benefit from the financial resources which may arise thereafter. This will require UMI to tune its curricula and activities to the needs of the public service which call for constant and active interaction between the public service managers and the Institute. In fact a respondent – participant in focus group number 7 brought this point home when she urged that: *"What will make UMI a great Institute in Uganda and possibly in the Great Lakes region is to ensure that the programmes it offers are relevant to the demands of its clients. Otherwise, the institute can lose its national relevance if it fails to address the real needs of organisations in the sectors it serves".*

A quick review of the Uganda public service reform components which are a result of the general economic reforms reveals several potential areas of action for UMI. The Uganda Management Institute therefore needs to take stock of these activities by analysing its current strategy options, strengths and limitations and prepare for participation in the public service reform process. The following are some of the areas:



**(ii) *Management of the Reform***

The primary objective of this component is to ensure that all public service reform activities are properly planned, sequenced, and carried out timely in a professional manner making the best use of the available resources. The key activities under this component include operational reviews of the public service reform management and enhancing technical reform capacity.

**(iii) *Enhancing Efficiency and Effectiveness***

This component is expected to deliver a public service which is an effective agent for implementing government policy, and is accountable to the executive and to the people for the resources it consumes and the results it achieves. The key activities include introducing and implementing Results Oriented Management (ROM), implementing a rational structure capable of delivering only what it can do best within the new role of government; and divestiture of non-core functions.

**(iv) *Management Information and Control Systems***

This component addresses the need for effective systems to control the operations of the public service and to provide information to support management decisions. Specifically, the primary objective of the component is to provide public service managers and decision makers with accurate, timely and relevant information, and to ensure secure storage and efficient retrieval of official information and documentation. Activities include improvements of personnel and payroll systems; budgeting and financial management systems; pensions management systems; physical assets management systems and strengthening the audit and inspection.

**(v) *Developing Human Resources***

This component focuses on proper management of people in the work place. It is intended to ensure that the government and the people of Uganda get the best value for money from the public servants whom

they employ. On the other hand, public officers must also have a satisfying and rewarding career structure which is comparable to other sectors of Uganda's economy. This is considered vital in order for the public service to attract, recruit, motivate and retain high calibre staff.

The key activities include the development of a pay strategy in the light of overall financial constraints and the likely size of the public service. The establishment of a corporate training policy and identifying which training to be delivered.

**(vi) *Time Management and Organisational Discipline***

Time is a resource and this component is to ensure that employees understand the importance of time management and other organisational discipline and meet the standards required of them. It is also intended to establish a culture within the public service wherein good individual and organisational discipline exists and is seen to make substantial contribution to the effectiveness and efficiency of the organisation. The key activities include seminars and workshops to sensitise employees; and the training of managers and supervisors to better manage the people for whom they are responsible.

**(vii) *Good Governance and Private Sector Development***

This component will deal with the role of the public service as a promoter and guardian of good governance and as a facilitator for the development of a wealth creating private sector. Specifically the objectives of the component are to ensure that the government communicates and explains policies and actions clearly and accurately. The general public should have an understanding of the nature, quality and scope of the public services which they are entitled to and support anti-corruption activities.

The two major activities under this component are the review of all relevant legislation and regulations, including the Public Service Act and the Government of Uganda Standing Orders, with regard to consistency with the constitution and development in public service

management systems. Secondly, national service delivery surveys will be carried out to collect data on the use, experience and perceptions by the civil society on key public services.

In order to implement the reform component activities outlined above, the government engages technical consultancy and training teams. This is an opportunity that UMI can take up to compete for consultancy and training assignments intended for that purpose. It is possible that the World Bank and other bilateral donors funding the reform activities may wish to engage external consultants as one of the conditionalities. In this case, local counter-part institutions like the Uganda Management Institute need to demonstrate their strength, strategy and analysis and identify focused contributions to such consultancies. They can team up with external consultants as part of a learning programme and self-development for the future of Uganda. From the interviews held by the researcher with government officials, it was revealed that: *“as a policy, the government encourages Ugandan consultants to team up with the international consultancy firms so as to build local capacity”*. This is therefore an opportunity for UMI to take up, not only for the above six reform components but for any future consultancy or training in which the Institute has capacity to handle.

### ***The Private Sector***

As discussed in the previous chapter, with the instability and civil strife of the 1970s and early 1980s and the expulsion of the Asians coupled with the high propensity to create public enterprises through nationalisation and government's entrepreneurship, the private sector suffered and is very small except for the micro and small enterprises with the most of them operating in the informal sector. However as explained by the Permanent Secretary of the Ministry of Finance, Planning and Economic Development to the author during an interview, the current policy measures of government show increasing reliance on the private sector to be the engine of sustainable growth. He explained that policy measures such as: *“deregulation of the banking sector, elimination of exchange controls, trade liberalisation, privatisation of public enterprises, incentives under the Investment Promotion Code, the return of the Asian seized properties, rehabilitation of basic infrastructure, etc. have created a new enabling environment for private sector enterprises to emerge and grow”*.

There is no doubt however, that for the private sector to take advantage of the government initiatives and the incentives provided, the private sector enterprises need to overcome a host of obstacles and challenges. From the views collected by the author through interviews and focus groups one observes that Uganda enterprises face low level of technology and

poor technical skills leading to production of poor quality output which can not compete favourably with imported goods in a liberalised regime. Access to credit and cost of capital, weak managerial capacity and access to market information are some areas which were mentioned by respondents and therefore in need of improvement. Given these constraints, there is tremendous pressure on the private sector to improve the efficiency of production through technological upgrading and management development. Our discussion will however focus on improving managerial capacity as this is of direct relevance to UMI's strategical development.

As pointed out by Dzakpasu (2000), the fundamental thrust of most privatisation programmes is to increase the efficiency of the economy, reduce government budgetary costs, broaden direct ownership of productive assets, and reduce and reorient the role of government to concentrate on the provision of social and economic infrastructure. Therefore effective managerial practices are crucial to the attainment of privatisation goals. In support of better managerial practices, the chairman of the Federation of Uganda Employers (FUE) explained to the researcher that: *"This is because achieving economic goals, maintaining competitive advantage, and being socially responsible simultaneously require innovative managerial practices. Innovative managerial practices are needed not only to seize the opportunities but also to face the challenges created by privatisation. Privatisation itself, without dramatic improvements in the management systems and managerial competence, attitudes and motivations, does not result in improvement in the effectiveness of privatised companies and often leads to even worse business and social results"*. The privatisation process therefore creates new demands for management development institutions like UMI to meet.

On the basis of interviews with respondents from the private sector particularly with members of the Uganda Manufacturers Association (UMA) and from the focus groups, a number of management areas which are of crucial concern to privatised enterprises success in Uganda were identified. These include: *strategic planning and management, human resource management and development, organisational structures and staffing, marketing, productivity improvement, budgetary control, procurement methods, entrepreneurship, supervisory management, employee performance and evaluation, incentives, employee commitment, industrial and labour relations, interpersonal skills, time management, management of change, team building and production methods*. While the existence of these management skills gaps are very revealing, it might however be necessary for UMI to undertake a comprehensive training needs identification and analysis for the private sector and develop programmes to the specific circumstances of each sector/industry e.g. marketing for hotel industry, strategic planning for financial institutions, quality control for textile manufacturing industry etc. Untailored (and very often mistargetted) training

programmes might have been popular during public sector led regime but will certainly not attract private sector enterprises as training must lead to performance improvements and produce results.

In conclusion one might say that the main lessons emerging out of the interviews and focus groups on privatised enterprises indicate the importance of continuous management development and training for all levels of staff. Secondly, for management development and training to be effective, it must be enterprise-specific, demand-driven and job-related. Thirdly, enterprises need to accord great importance and priority to management development and training i.e. resource allocation and management of the human resources development and training function, which, although a prime responsibility of all supervisors, should be coordinated at a senior management level. Since one of the reasons cited for the slow pace of privatisation and enterprise development in Africa is lack of adequate managerial capacity, management development institutions (MDIs) and in particular Uganda Management Institute and other relevant institutions need to evolve new dimensions to their ways of executing their programmes through training, consultancy and research. Any agenda for action as observed by focus group number 3: *"should also address macroeconomic, political, social and technical questions associated with privatisation and enterprise development"*. With respect to managerial skills development, the results from the study illustrate the need for continuous capacity-building for management development not only within enterprises but also within divestiture institutions. More and better could be achieved if MDIs were to become more proactive and market-driven to provide customised services to their clients. The Uganda Management Institute needs to form a strategic partnership and dialogue with enterprises and privatisation institutions like Privatisation Unit based in the Ministry of Finance, Planning and Economic Development (MFPED), if it is to be relevant and sustainable in a changing world.

It is also important to emphasise that the challenges imposed by the employment situation (see chapter 3) can be met only by a recovery of the Uganda's economy, accompanied by thorough going reforms which reforms must be consolidated by introducing management best practices. The proper management of enterprises both formal and informal, public and private, small and large scale contributes to their better performance and then eventually to national development. Without growth, productive employment cannot be increased or open unemployment reduced, at least not to any significant extent. The alternative is to apply stop-gap measures, which are necessary in some cases but are obviously insufficient as a long term solution. Renewed growth is certainly necessary but it will have to proceed

at a much faster pace than in the past if it is to compensate for the loss of thousands of jobs during the structural reforms. Institutions such as UMI need to devise means of imparting managerial and entrepreneurial skills among the citizens which will eventually lead to national growth and development.

### ***The Informal Sector***

As discussed in the previous chapter, the economic crisis which Uganda experienced in the 1970s and early 1980s meant that employment in the modern sector could not cope with the growing number of job seekers. Indeed it has been shrinking; in 1988 the formal sector employment was only 5.3 per cent of the total labour force (MFPED 1999). Although the Labour Force Survey of 2003 by the Uganda Bureau of Statistics put it at 10 per cent, it is still very small by both national and international standards. Therefore, given the past trend of job creation in the economy, the modern/formal sector cannot be expected to absorb into productive employment more than a small fraction of the number of new entrants into the labour market. The employment situation in the formal sector is even more precarious in the current conditions of the structural adjustment programmes which entails sharp reductions in the growth of government recurrent expenditure as well as parastatals. And as the government sector is unlikely to expand much in the near future and the growth of the private sector is bound to be gradual, the new entrants in the labour market would have to find refuge in what is called the informal sector. Such new entrants, and indeed even those who are already active in the sector need various skills including entrepreneurship. Entrepreneurs are people who perceive profitable opportunities, are willing to take risks in pursuing them, and have the ability to organise a business (World Bank 1993). And indeed, in Uganda, like in most of African countries, the number of people who are inherently entrepreneurial is limited and hence the need to train them in such skills so that the informal sector can contribute substantially to employment and productivity. The existence of the informal sector in Uganda is therefore a potential agenda for the Uganda Management Institute to take on board as it will later be discussed.

Several reasons have been advanced why training in the informal sector is necessary. Many of these were picked from the interviews held with government officials, informal sector operators and the focus groups: The development of relevant skills is a major instrument for improved productivity, better working conditions, and the promotion of decent work in the informal economy. Better, less work-intensive and safer technologies can raise productivity and income, reduce work drudgery and occupational risks to health and safety,

and improve products. New skills and knowledge can open doors to more economically and socially rewarding jobs. The ILO (2000) also observed that basic skills, such as numeracy and literacy, problem-solving and management, communication and negotiation skills, improve confidence and capacity to explore and try new income-earning opportunities. In addition interviewees observed that better educated entrepreneurs are generally also more responsive to policy measures, which is important for the sector's development. Obviously, better skill levels mean more stable income generating enterprises in the informal sector as a whole and improving productivity is essential to the survival and growth of informal units as well as being a prerequisite to their gradual formalisation.

What kinds of skills are needed in the informal sector? Abdelkader (see Easton et al, 1997) found in his study on the training needs of workers and apprentices in Chad that the most frequently expressed training needs concerned technical skills and management. In Kenya, half of the micro and small enterprise owners indicated that their workers did not need any training, while 23 per cent suggested management training and 10 per cent technical training. The situation was the same in Uganda: less than half of the informal sector operators indicated no need for training and the majority of those who were interested in training indicated a need for management training rather than for technical skills (Haan 2002). The above findings are quite similar to the results that the current author obtained from the interviews with informal sector operators. While a few of them expressed the need to improve their technical competencies and identified access to credit as the principal requisite for fulfilling their ambitions, the majority of the respondents revealed that: *"they lacked skills in managing their businesses. For example, they did not know how to keep proper books of accounts, could not properly package their products and lacked marketing skills"*. They indicated the need to train in general management so as to manage their enterprises more efficiently and effectively. It was interesting to learn that some of the respondents had some knowledge about the role of UMI and wondered whether the Institute could extend training to them in the managerial and entrepreneurial skills which they lacked. For example one of the informal sector operators whom this author interviewed asked him: *"Now that you come from Uganda Management Institute which is responsible for improving skills of business people, why don't you organise us some training programmes which would make our businesses more profitable?"*. Such a question, no doubt poses a challenge to UMI. The challenge is whether UMI has the necessary capacity to exploit these opportunities and if not what should then be done to acquire the appropriate capacity. This matter will be exhaustively discussed under a separate Learning Goal which will address UMI's capacity in meeting the opportunities identified by this study.

It is possible that many of the informal sector operators will be unable to afford the cost of the training, but since this is an important sector which will provide employment leading to national development and reducing poverty among the populace, there are likely to be willing donors who would sponsor such programmes. The Uganda government is likely to provide funds for this exercise under the Poverty Eradication Action Plan (PEAP) as it will be directly contributing towards the achievement of the PEAP objectives.

Luckily, the Government of Uganda has taken an active interest in the development of micro and small enterprises (MSEs) sector and which interest is of significant strategic importance to UMI. For example, in 1996 it established the Private Sector/Micro and Small Enterprise Policy Unit in the Ministry of Finance, Planning and Economic Development (MFPED) to facilitate policy formulation and to give a "strong voice" for MSEs to stimulate cooperation and coordination at all levels. A draft Policy Paper on MSE Development was prepared, with an agenda of actions to improve the enabling environment, increase MSE access to financial and non-financial services (training, advice and extension), stimulate technology development and transfer, and improve access to information.

With regard to vocational training and extension services (which UMI can take advantage of), the MSE Policy Paper and the Education Sector Investment Plan (2001) refer to the imminent creation of the Uganda Vocational Education and Training Authority (UVETA) and foresees:

- *the establishment of a country-wide training-of-trainer programme in small business management (e.g. using the ILO Improve Your Business (IYB)/Start Your Business (SYB) methodology);*
- *the rehabilitation and strengthening of at least one VTC in each district to impart demand-driven, tailor-made training geared towards the specific needs of MSEs;*
- *to these VTCs, mobile training and extension facilities will be set up to deliver training to MSEs in remote areas where entrepreneurs have no access to institutionalised technical training;*
- *the implementation of a country-wide community-based skills training programme for micro entrepreneurs organised in groups.*

There is no doubt that the above activities outlined in the MSE Policy Paper and under the Medium Term Competitive Strategy (MFPED 2002) have a direct bearing to UMI's strategic plan and objectives and it must therefore take a lead in operationalising this policy document by convincing the power that be that the Institute has the capacity and the will to make the above policy activities a reality. This can be done through writing proposals to government as to how UMI can be used as a viable institution to impart the much needed entrepreneurial skills to the target groups. Such proposals which are likely to be supported by government will likewise receive funding from donors. This will subsequently contribute towards UMI's financial health.



In conclusion, the above discussion points to the following recommendations for UMI's action to achieve tangible results on a broad scale:

- sensitise the relevant stakeholders like government, donors, NGOs etc to the role of the informal sector in employment generation; and the importance of training for informal sector workers in order to improve the productivity of informal micro – enterprises and eventually enable them to become formal.
- Develop means to assess the informal sector training needs in greater depth.
- Document good practice that demonstrate the benefits of training. A great deal of the information on training in the informal sector is in the form of suggestions without being systematically studied. At the same time it needs to be recognised that due to the heterogeneity of the sector, the studies of the informal sector will always be “case-studies” with observations that cannot be generalised.

Training and skills development in the informal sector clearly leave UMI faced with the challenge of “thinking globally but acting locally”. As training is becoming more important as a source of success, and lack of access to training as a source of failure, it is clear that the skills development and training for the informal sector is an urgent matter of which Uganda Management Institute must take advantage.

### ***Poverty Eradication***

From the earlier discussion on poverty it became obvious that the Government of Uganda has identified poverty as the critical element that gives rise to and also manifests the country's underdevelopment. As already mentioned, since 1997 the Uganda government has been implementing an extensive Poverty Eradication Action Plan (PEAP), which it conceives to be the main instrument for lifting Ugandans out of poverty and driving the country towards prosperity. The PEAP has four pillars on which government's efforts are concentrated, namely:

- (i) *creating a conducive framework for economic growth and structural transformation,*
- (ii) *strengthening good governance and security,*
- (iii) *creating the ability of the poor to raise their incomes, and*
- (iv) *improving the quality of the life of the poor. Under this plan, Uganda is being transformed from being a poor economy where most people are locked into traditional subsistence agriculture.*

It is likely that one would wonder what contribution can a management development institution make towards the alleviation and eventual eradication of poverty in a country like Uganda!! Obviously skills development is central to raising the earning power and

productivity of the working people living with poverty. As observed by the ILO (1995), *the current thrust of macro-economic policies in Uganda towards the rural sector, geared to making life in rural areas gainful and thus attractive to live in can only pay dividends if accompanied by an agenda of educational action for promoting human resources, planning, development and utilisation. Without education and training, human resources normally remain "raw" and their positive impact on the promotion of employment generation and poverty reduction is likely to remain minimal.* To bring about a transformation of the living conditions of rural population as of urban, both economic and educational policies and programmes should be prioritised and management development institutions cannot occupy a hind seat in this crusade. In response to the question that sought opinions of respondents on what role UMI can play in poverty eradication, a number of suggestions were made by the focus groups: *"UMI as a training, research and consultancy institution can be involved in poverty monitoring by (i) conducting research on all aspects of poverty, (ii) provide an independent view on poverty (iii) perform training interventions intended to improve the skills of the people particularly those under the informal sector".* Indeed the author believes that such activities would not contribute only to reduction of poverty among the affected people but would also contribute towards UMI's financial stability as it would be paid for the services rendered in that direction. In addition, UMI's participation in the activities proposed by the MSE Policy Paper on vocational training and extension services (see previous section on informal sector) would be a direct contribution by the Institute towards the reduction of poverty in the country. In addition, consultancy and research programmes which target the rural and urban poor with the aim of assisting them to live a better life from which they are currently deprived of because of the poverty prevalence should be among the agenda items for management development institutions.

### ***The Way Forward***

The findings from this study show that the reforms and changes that are being introduced in the Uganda public service, the private and informal sectors together with the strategies the Uganda government is taking to eradicate poverty collectively create an environment that will provide a basis for UMI's future agenda.

The discussion under this chapter has revealed that the structural reforms that were introduced in Uganda have implications to Uganda Management Institute's strategic plan and development. But for the Institute to perform effectively the task of developing the capacity for economic recovery and long-term growth, it needs to carry out a critical assessment of its internal structure and revisit its mandate. In specific terms, UMI has to relate its organisation as well as programme structure to the demands of the external

environment. That might mean creating new units, merging existing ones, retraining and re-educating staff, and reallocating resources in the light of the new requirements.

The detailed analysis of UMI's agenda and the activities that might be carried out in order to implement the agenda will be the subject of a separate Learning Goal.

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## **LEARNING GOAL NUMBER FOUR**

**Characteristics Of The Corporate Human  
Resource/Industrial Relations (HR/IR)  
Function And Their Implications To Training  
Institutions In Uganda**

# **CHAPTER ONE**

## **INTRODUCTION**

### **BACKGROUND**

It is now an open secret among business practitioners and scholars that human resources constitute the most important component of modern organisations. As observed by Siddique (2003), the accomplishment of organisational missions and objectives depends to a large extent, on having the right persons in the right positions as well as the commitment and contributions of those involved (Also see: Wood 1999; Ogbonna and Whipp 1999; Budhwar 2000). Based on this observation human resource management and to a certain extent, industrial relations, have acquired a growing significance in current organisation theory and practice. As a matter of fact, a sound and effective human resource and industrial relations (HR/IR) are seen as the most significant variables that determine the performance of an enterprise (CIPD 2001; Kelly and Gennard 1996).

Over the last two decades, Delaney and Huselid (1996) noted that constant market place discontinuities and the accelerating pace of change have seen traditional businesses and organisations redesigning themselves for a superior organisational performance (also see Huselid 1996; Som 2003). As a result, human resource management and industrial relations have aspired to be a business partner. Indeed, there has been a continuous debate on how human resource strategy can be linked to the business strategy (Pfeffer 1994; Ulrich 1997). Consequently, there has been emphasis among academics (Becker and Huselid 1999; Ulrich 1997) and practitioners on people (and people management systems) as a source of competitive advantage. Scholars in several articles, books and studies continue to argue that human resources (HR) needs to become a strategic partner (Ulrich 1997; Brockbank 1999; Lawler and Mohrman 2003). It is however important to ask ourselves several questions so as to appreciate what is on the ground. Such questions include: Is human resource (HR) becoming a strategic partner? What does becoming a strategic partner entail? And is the HR function more effective when it is a strategic partner? Obviously, the answers to these questions are crucial to the future development and direction of the HR and industrial relations functions in organisations and to the HR curriculum of management development institutions.

Studies by the Chartered Institute for Personnel Development (CIPD 2001) indicate that the new millennium makes a turning point in the history of organisations. Such studies reveal that for the first time ever, it is possible to state with confidence that how organisations manage people has a powerful – perhaps the most powerful – effect on overall performance, including the bottom line. The bottom line is that the 21<sup>st</sup> Century organisation is one in which people really are the greatest asset, and people management needs to go beyond lip service to become a core competence of every organisation, whether in private, voluntary or public sector, manufacturing or services, new economy or old.

As earlier noted, forces have converged to support the idea of HR as more of a strategic partner in the planning and operations of enterprises. Organisations are undergoing dramatic changes with significant implications on how human resources are managed. The business environment changes such as globalisation and competition have created a growing consensus that effective human capital management is crucial to an organisation's success (Skinner and Mabey 1997; Jackson et al 2003). This raises important questions of how human capital should be managed and the kind of functions HR should perform with respect to human capital management, and how the HR function should be organised in order to add value in the changing business environment. According to Beatty et al (2003) the HR function has taken a seat at the firm's strategic decision-making table, not simply as a partner but more importantly, as a player (also see Ulrich and Beatty 2001). The objective is to impact the firm's success by influencing its strategy, culture, and strategic capabilities. For Buyens and De Vos (2001), the new competitive reality facing organisations calls on different capabilities. How can an organisation be created that adds value to its clients, investors and employees? The HR function is increasingly seen as one of the key functions in the development and implementation of strategic responses to these pressures (Ulrich 1997; Yeung and Berman 1997; Wright and Rudolf 1994; Beer 1997).

### **The Problem Statement**

Staff functions in Uganda's organisations are often criticised because they are frequently perceived as controlling rather than adding value, and as not responding to the demands for change that strategic and operating units need to make. In line with the global trend (Lawler and Mohrman 2002; Kesler 2002; Rutherford et al 2003) they are being asked to change to provide expert support to the strategic initiatives of the organisations, and to take

advantage of other approaches to deliver more efficient and responsive services. Obviously, this necessitates specific competences for people handling the human resource (HR) function who include not only the HR professionals but line managers as well. This is because HR departments and organisations face a diverse set of HR issues comprising both the external and internal environments (Fisher et al 1999; Sharman et al 1998). Human resource (HR) managers must deal with several challenges such as improving organisational efficiency and competitiveness if their HR departments are to contribute to organisational effectiveness (Gomez-Mejia et al 1998; Noe et al 2000).

Another area of concern to HR professionals involve the necessity to revamp industrial relations (IR). While not a new issue the dynamics and strategies involved in industrial relations in the new millennium, both from the point of view of management and workers, are clearly different from the past, where confrontation was the norm (Wright and Rudolf 1994). Changes in the economic and political climate, international events, and other macro variables, in combination with the changing workforce have had a major impact on industrial relations globally. There is therefore need to investigate what the situation in Uganda is as far as industrial relations are concerned and what role HR professionals can play in revamping these relations.

In Uganda, although there is agreement that HR managers must deal with numerous issues, little research has been focused on the important issues that HR practitioners face. Research is therefore needed which specifically surveys HR/IR managers and other line managers about their perceptions regarding which issues are most important. Subsequently, identifying the most salient issues allows HR/IR educators and training institutions such as Uganda Management Institute (UMI) to address these topics in their training programmes and ensures that HR/IR curricula remains current.

### **Objectives of the study**

It is common knowledge that in the last two decades or so, particularly in the industrialised countries, the field of human resource management has undergone dramatic changes (Dyer 1999; Rothstein 1999). The changes have shown that there is increasing emphasis on human resources (HR) as a business partner and a long term strategic perspective (Kaufman 1996; Giannantonio and Hurley 2002). There are three aspects of this change which are especially noteworthy. First, HR professionals face an increasingly complex set of issues in the daily practice of their jobs. Second, the role of the HR departments play in

organisations has shifted from a purely administrative function to one that includes becoming a strategic partner concerned with adding value to the organisations (Kaufman 1999; Schuler 1998). And third, the increasing necessity for the line managers to get involved in the HR function. The general approach among modern organisations (including those in Uganda) is that in addition to employing professional HR/IR executives, the line managers should also be involved in the HR function (Cunningham & Hyman 1999; Currier & Procter 2001; Aggarwal & Simkins 2001; CIPD 2001). Obviously, in order for those managing the HR function to be effective and efficient, they must possess the generally accepted HR skills and knowledge that will lead to the competitiveness of their respective organisations.

In the last two decades as pointed out by Yeung and Berman (1997), several research studies have reported some important findings regarding the relationships between HR and business performance (also see Huselid 1995; Pfeffer 1994). Several consistent themes emerge from these exemplary studies of the HR business performance relationship. First, HR practices definitely make a difference in business results, especially the use of HR practices that build employee commitment. Second, all of these studies examine the HR system as a whole rather than individual HR practices. The synergy and congruence among the HR practices have an important impact on business performance (Wood 1999; Legge 2001). More recently, attention has been drawn to the potential of 'e-enabled HRM' in helping to reduce costs of HR services and to "liberate HR practitioners from routine administration so they can focus on strategic and change management issues" (Martin 2005). Linked with this is the emergence of the business partnering modeling of HRM originally developed by David Ulrich in 1997 (see Helen Francis and Keegan 2006). Consequently, in order to create and deliver results, HR professionals must begin not by focusing on the work activities or work of HR but by defining the deliverables of that work. HR's role in building a competitive organization include management of strategic human resources, management of transformation and change, management of firm infrastructure, and management of employee contributions (Ulrich 1997). Although these roles are valid and have proven to be value-added in recent years, now there is a critical need to move beyond the strategic business partner role to becoming a player in the business (Ulrich and Beatty 2001). Players according to Ulrich and Beatty, contribute to the profitability of the organization, deliver results, and do things to make a difference. However, for the HR function to add value to the organizational performance, not only the HR executives need to



acquire the necessary skills, but line managers who are most often required to perform some HR functional activities must adapt some of those skills as well.

This particular Learning Goal for the author's Doctorate of Business Administration (DBA) thesis, was intended to specifically investigate the structure and performance of the HR function in a selected number of organisations in Uganda. The study aimed at obtaining a better understanding of how the value of the HR function is perceived in the reality of Ugandan organisations. It further attempted to analyse the existing HR knowledge and skills for both HR professionals and the line managers and the role of HR departments in a sample of Ugandan enterprises with the view of identifying existing gaps (if any). Our a priori expectation was that such gaps or needs would be relevant to the Uganda Management Institute's (UMI) strategies and whose mission is "To excel in developing sustainable management capacity". For example identifying the roles that HR departments are expected to fulfil in organisations would allow HR educators to assess whether their programmes were meeting the substantive needs of the students who work in those departments.

This study also bears an industrial relations (IR) perspective. Although globally trade unions are declining in membership (Wood & Harcourt 1998; Metcalf 1995; ICFTU 2001), they are likely to remain operational for quite a long time to come. In Uganda, the government's policy is to encourage employers and workers organisations to work together in creating an industrial relations system which is harmonious and hence conducive to national economic development through collective bargaining. Obviously, there are at times confrontational incidents but the general principle is to develop a complementary and useful tripartite stakeholders system (government, employers and workers). For this to happen, the social partners must be equipped with the necessary knowledge and skills to deal with each other. The survey therefore attempted to discover the level of trade unionism in Uganda; the nature of the relationship among the stakeholders; the existing IR skills and knowledge of HR managers and their perceptions to trade unions.

The findings from this study are likely to have important implications for training institutions like UMI which prepare students to work in the field of HR/IR. This is because the skills and knowledge that HR/IR professionals and line managers need to possess in their chosen field will be identified. This is likely to lead to a review of the Curriculum content to make it more relevant to the needs of the labour market.

## **The Research Questions**

In this study, the author sought to answer the following questions:

- (i) Is the human resource/industrial relations (HR/IR) function undergoing changes in Ugandan organisations along the lines being followed in the industrialised countries?
- (ii) What are the demands that HR/IR executives face in the practice of their jobs?
- (iii) What are the HR/IR issues of most concern to organisations in Uganda?
- (iv) Are line managers actively involved in the HR/IR function?
- (v) How important do line and HR executives think HR/IR services are to the organisation's competitive advantages?
- (vi) How effective do line and HR executives think the HR department is in terms of delivering services, fulfilling its various roles, and contributing to the organisation?
- (vii) What are the most important skills and knowledge do organisations expect their HR executives to possess? Do the HR executives have those competencies? Do they recognise gaps and deficiencies, and if so, what are they?
- (viii) What importance do organisations in Uganda attach to industrial relations? Is IR and its Institutions and relationships seen as a positive or negative feature of the economy?
- (ix) To what extent is training and development of employees regarded as a critical strategic function in organisations?

As earlier observed, the answers to the above major research questions addressed in this study have important implications for both practitioners and management educators.

## **Methodology**

As earlier mentioned, the purpose of the study was to directly assess executives' perceptions of several HR/IR issues which included roles, skills and substantive HR/IR knowledge, among others. Indeed to study the majority of the numerous Ugandan public and business executives within the confines of a single research project was manifestly impossible. Accordingly, forty (40) organisations were selected with the assistance of the Federation of Uganda Employers (FUE) an organisation to which the majority of employers in Uganda are affiliated. The 40 organisations were randomly selected from the register kept at the FUE

head office. The "lottery" method of selection was used. From the register of the member organisations, every fourth organisation was selected. Then from each selected organisation, senior executives were selected to participate in the survey. Therefore the data on which this study is based were generated via access to the senior managers who are conversant with nature and role of the HR function in their respective organisations.

### ***Sample***

The research population consisted of several categories of people: chief executives (CEO), HR managers and line managers. Also included were FUE and trade unions officials. For each category, a sample was composed. The samples of CEOs and HR managers were randomly and independently selected, based on the FUE directory containing all member organisations in Uganda. Of these seventy (70) HR managers and their assistants were selected and contacted. They all agreed to participate. Ten (10) CEOs were contacted with seven (7) willing to participate. The line managers consisted of forty (40) participants who were attending a seminar on human resource management (HRM) at the Uganda Management Institute. These line managers had come from various organisations in the country and the researcher requested them to participate in the study. With the assistance from the National Organisation of Trade Unions (NOTU), an apex organisation to which all trade unions are affiliated, the researcher identified 35 trade union officials of which 30 agreed to participate in the study. Therefore, together the total sample consisted of 150 subjects.

### ***Data collection methods and procedures***

The study under this Fourth Learning Goal was based on a mixed-method component design research methodology (Caracelli and Greene 1997). Jick (1979) highlights the benefits of the adoption of a mixed methodology. He says: "the weaknesses in each sample method can be compensated by counter-balancing strengths of another". Under this design, two or more different methods are implemented as discrete aspects of the overall inquiry and remain distinct throughout the inquiry. For this particular study, the author utilised two major data collection methods which included: (i) key informant interviews and (ii) questionnaires. The two methods generated rich quantitative and qualitative information. The key informant interviews which were aimed at CEOs and FUE together with trade unions officials were intended for depth and contextual relevance. According to Ardichvili and Gasparishvili (2001) key informant interviews are often used in exploratory studies, when there is need for acquiring general descriptive information about a phenomenon or system,

and when one of the primary purposes of the study is to generate suggestions and recommendations as the case was with this particular research. Key informants are selected because they are the most knowledgeable about the topics being researched, can provide current perspectives, and are able and willing to communicate their knowledge (Kumar et al 1993). It was considered prudent to obtain the required information from CEOs through face-to-face interviews because they had the necessary experience and knowledge about how the HR function operates in their organisations. Secondly, research experience has indicated that very often people occupying such positions in Ugandan enterprises are reluctant to complete questionnaires. With regard to FUE and top trade unions officials, the author preferred interviewing them because he wanted to have an in-depth view of their thinking about the issues which were being investigated particularly those relating to industrial relations (IR). Similarly, in addition to the questionnaire which was administered to HR personnel and line managers, the researcher selected and interviewed 20 senior HR managers and 10 line managers with the view of obtaining further clarifications on some of the issues that were contained in the questionnaire. Ten (10) of the interviewed respondents (HR and line managers) and 10 union officials had completed the questionnaire as well while the rest were new.

Table 1.1 outlines the list of respondents who were interviewed while Table 1.2 shows the categories of potential respondents who received the questionnaire.

**Table 1.1: Categories of Interviewees**

<b>Category</b>	<b>Respondents</b>
CEOs	07
HR Managers	20
Line Managers	10
FUE Officials	08
Union Officials	10
<b>Total</b>	<b>52</b>

The questionnaire was administered to 140 potential respondents who included HR managers, line managers and trade union officials whose numerical breakdown is given in Table 1.2.

**Table 1.2: Categories of Questionnaire Recipients**

Category	Respondents
HR Managers	70
Line Managers	40
Union Officials	30
<b>Total</b>	<b>140</b>

For the interview part of the study, the researcher personally interviewed participants in their workplaces, using a semi-structured interview format, which included both closed-form and open-ended questions (see Appendix 2). These interviews which lasted between 60 and 90 minutes each provided data which consisted of rich verbal descriptions (qualitative data), as well as quantitative data. Furthermore, in some cases a second face-to-face meeting was held after coding the data to present tentative findings and get their reactions. This enabled some of those respondents to make changes where needed. As a result, the interviews proved to be an invaluable component of the research agenda, as they provided specific examples (as will be seen in the third chapter) of how HR and line managers could create a high-performance work environment that could contribute to performance.

The survey questionnaire contained a combination of questions, the majority of which had their answers pre-determined while a limited number of questions were open-ended. The first section of the questionnaire sought to acquire some particular characteristics of the respondents. This enabled the responses to be analysed by sex, age, education and employment sector. The second section of the questionnaire explored the views of the respondents on matters pertaining to HR roles and the roles of the HR department. The third part related to the calibre of HR/IR personnel in terms of skills and knowledge; while the fourth and last sections dealt with the HR role for line managers and industrial relations (IR) respectively. This questionnaire is attached hereto as Appendix 1.

While constructing the questionnaire, the author was variously guided by a number of questionnaires used by the Employment Market Analysis and Research (EMAR). This is a multidisciplinary team of researchers and statisticians based in the Employment Relations Directorate of the British Department of Trade and Industry (DTI) which has undertaken similar surveys in the United Kingdom. Similarly, the 1998 Workplace Employment Relations Survey (WERS) questionnaire assisted greatly in constructing the questionnaire which was used (Cully et al 1999).

The questionnaire was pretested on a sample of twelve (12) HR managers from local firms in Uganda and on the basis of the pretest a few minor amendments were made to the original questionnaire. The pre-testing respondents were given the opportunity to list additional items in each section of the questionnaire. For example, they were presented with a list of HR issues to rate and were provided with space to include other items they felt were important to the study.

As stated earlier, the questionnaires were issued to 70 HR managers and their assistants plus 40 line managers and 30 trade unions officials. The questionnaire incorporated an explanatory letter on the front cover. The objectives of the cover-letter were several: to identify the researcher; to inform the respondent of the purpose and importance of the study; to ensure the respondent's anonymity; and of course to request his/her cooperation. Erdos (1970) and Saunders et al (1997) have given several thoughts which a good covering letter should contain. They state that it is important to create a feeling of personal communication between the researcher and the respondent, and the slightest suggestion that this may be a form letter, a sales message, or some kind of junk mail, may mean that the entire mailing piece will wind up in a waste basket without having been read.

The major limitation of the questionnaire used is perhaps its highly structured form. This might have forced the respondents to select alternatives with which they were not fully in agreement, but to which they resorted because of convenience. However, the planned scope of this study made it necessary to structure the responses, as this made it easier for the respondents to answer the questions, and also facilitated analysis of the data.

### **Lay-out of the study**

The study consists of four chapters. The first chapter gives an introduction, the problem statement, objectives of the study, research questions and the general methodology. Chapter 2 reviews literature on the HR/IR function in organisations. The third chapter contains the data analysis and the research findings. And the final chapter provides the conclusions and recommendations together with implications of the study findings to management development institutions like the Uganda Management Institute.

## **CHAPTER TWO**

### **THE HUMAN RESOURCE AND INDUSTRIAL RELATIONS (HR/IR) FUNCTION IN ORGANISATIONS: A LITERATURE REVIEW**

#### **Introduction**

An impressive documentation of the development of the topics of human resource management (HRM) and industrial relations (IR) has been provided by several scholars (see Guest 1987; Legge 1995; Dunlop 1992; Kaufman 1996; Keenoy 1999). As observed by Budhwar (2000), in the 1980s, HRM debates attempted to draw distinctions between personnel management and HRM; incorporate industrial relations into HRM; examined the relationship of HRM to business strategies; and later on attempted to examine the extent to which HRM could act as a means to achieve a competitive advantage in organisations and help improve their performance. The 1980s witnessed extensive claims for the existence of a link between HRM and strategy. More recently the subject has achieved great prominence with the movement towards a "Strategic HRM", and in doing so has attracted widespread interest (Ogbonna and Whipp 1999; Paauwe and Boselie 2003; Wright and Rudolf 1994).

Furthermore, efforts have been made by HRM theorists to try to establish a casual link between HRM and performance (Cooke 2001). This has led to a growing number of studies which examine the potential contribution that good HR policy can make to improving organisational performance, so much that the impact of HRM on performance has become the dominant research issue in the field (see Guest 1997; Paauwe 2004; Bartel 2004; Paauwe and Boselie 2005). That is why Marchington and Zagelmeyer (2005) assert that identifying link between HRM and performance at both an individual and an organisational level is an issue of crucial importance to practitioners, policy-makers and academics. Indeed the literature about how HRM contributes to firms abounds with models purporting to explain how HRM practices have an impact on employee behaviour and hence affect bottom-line firm performance (Hailey et al 2005). Consequently, senior personnel practitioners now agree that the case for HRM having an impact on organisational performance is not in dispute, the key question is how to make it happen? (Paauwe and Boselie 2005).

The interest in researching the impact of HRM and IR on the organisational performance has largely been as a result of the rapidly changing economic environment. The environment has been characterised by such phenomena as the globalisation and deregulation of markets, changing customer and investor demands, and ever increasing product-market competition (Becker 1996). According to Muldrow et al (2002), today's organisations typically exist within a complex and dynamic environment (also see Wheatley 1992). Therefore in order to be successful, both public and private sector organisations must continually improve their performance by reducing costs, innovating products/services and processes, and improving quality, and speed to market. Obviously, as Muldrow et al (2002) have noted, employee behaviours, attitudes, and expectations will contribute to the success or failure of any plan, no matter how well constructed and therefore the way employees are managed becomes extremely significant to any organisation (ACAS 1997).

Obviously, the people handling the HR function must possess appropriate skills and competences to facilitate them in the execution of their tasks. Ulrich (1997) correctly points out that the future of the HR profession lies in the definition of essential competences and clear roles for practitioners (also see Farndale and Brewster 2005). With the necessary skills provided by the HR professionals, the HR departments would be expected to gain strength. Unfortunately, as pointed out by Hailey et al (2005) one particular area of neglect in unpacking the link between HRM and performance is the role played by the HR department. There is no doubt that the activities of this department are a critical aspect of HRM policy enactment, yet as Hailey et al (2005) noted no direct link has to date been established between the literature on HRM and performance and on the role of the HR department.

Of equal importance to the HR function is the role of the line managers. Indeed trends towards HR rather than traditional personnel management encourage devolution of HRM responsibilities to the line (Armstrong 1995; Farndale and Brewster 2005). This therefore suggests that the HR department and line management together have a crucial role to play in stimulating appropriate employee behaviour on behalf of the firm (Purcell et al 2003). Both the HR department and line management need to ensure that employees have the necessary skills, motivation and commitment. It therefore follows that training and staff development should be held in high esteem by the organisation because of the continuous environmental changes. As Rothwell and Arnold (2005) observe, the more a profession is affected by changing conditions, the more continuous learning is needed to avoid displacement.



However, while we emphasise the role of HRM in organisational performance, we should remember that industrial relations (IR) at workplaces can equally contribute to performance. Unfortunately, as pointed out by Upchurch (2005) the IR subject has been threatened by the decline of trade union membership and influence of collective bargaining coverage, and industrial disputes. This has consequently led to a potential crisis of the subject. Upchurch (2005) notes that in response to this crisis, some academics have drifted away from the subject, immersing themselves in HRM or retreating into other original disciplines such as sociology, psychology or their modern business equivalent in the form of organisational studies. On the other hand however, others have doggedly continued to pursue “real industrial relations” with commitment to trade union study (Kelly 1996).

A number of possible interpretations of the IR decline have been advanced (Bryson 2000). Some scholars and commentators have pointed to anti-union values among employers that have encouraged trade union derecognition and the substitution of union voice by direct communication with employees (see Bach 2004; Gall and McKay 1994). Another interpretation given has been that managers have acted pragmatically, allowing existing structures of union – management relations to decay while experimenting with direct participation schemes (Sisson 1993).

This Chapter reviews works by various scholars which were considered relevant to the objectives of the study. This helps to give an insight on what has been studied in order to provide a focus on the subsequent empirical work. The chapter begins by examining the literature on the HRM phenomenon and its changing role in contributing to high organisational performance. It goes on to critique the HR knowledge and skills the HR professionals should have in order to add value to the business direction of their organisations. It also reviews literature on the importance of a strategic partnering role of the HR department and line managers. The role of training and development is also reviewed. Lastly, the chapter examines the role and status of IR in organisations. The emphasis of this chapter is mainly on the organization of the HR function to deliver performance and the roles played and skills required by the HR professionals. In particular the review sought to answer the following exploratory questions:

- (i) What is the nature of the link between HRM and performance?
- (ii) What are current models of HRM and their expectations about HR roles?

- (iii) What are the necessary skills and competences required of the people managing the HR function?
- (iv) How valued are the HR departments in organisations?
- (v) What is the relationship between the HR function and line management?
- (vi) What forms of training and development and their delivery are considered crucial for the effectiveness of individuals and organisations?
- (vii) In what way does HRM pose a challenge to IR and how can the conflict (if any) between the two be reconciled to complement each other? And do industrial relations influence organisational performance and in what ways?

Arising from the above questions, the most crucial part of our review of issues relating to HRM/IR debate is of course the relevance of the debate to the Ugandan economy, and in particular for the strategic outlook of the Uganda Management Institute (UMI). With regard to the Uganda economy, one of the questions to derive from the review is – “Why is effective HRM important for the economy, and what does it mean for training and career development? The issue on the skills and knowledge requirements for HR/IR management and line management in today's business world and current trends in strategic human resource management thinking will later guide the empirical study (chapter 3) on the situation in Uganda and its relevance to the UMI strategy. The empirical work will shed light on these questions, which in turn will be useful basis for interpreting the findings for the future strategic role and programmes of UMI.

### **The Features of HRM**

Satisfactorily defining HRM remains an enigma (Lucas 2002) and, in many respects, what HRM is purported to represent has not moved beyond some key principles laid down in the 1980s (for example see Hendry and Pettigrew 1986; Guest 1987; Storey 1989; Armstrong 2000). According to Haitog and Verburg (2004) a single widely accepted definition of human resource management does not exist (also see Guest 1987; Armstrong 2000). However, borrowing from Storey (1995) and Beardwell and Holden (1997), HRM can be defined as “a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques”.

Undoubtedly, human resource management (HRM) has become a pervasive and influential approach to the management of employment relationship (Beer and Spector 1985; Hendry

and Pettigrew 1990). But as stated above, despite its prevalence in many organisations and the health debate within the literature, there is some degree of divergence about what HRM represents. As Garavan et al (1998) stated, some commentators view it as a restatement of basic personnel functions (Armstrong 1996). Others view it as a fusion of personnel management and industrial relations (Guest 1987). Other writers like Brewster (1993); emphasise two further perspectives: an approach to HRM that stresses the role of the individual within organisations and HRM as a strategic and international function. There is also evidence that quite often practitioners view personnel and HRM as dichotomous models for managing human resources (Fowler 1987; Legge 1995).

Many of the debates on HRM have emphasised its differences from traditional forms of personnel management. Indeed as observed by Poole and Glenville (1997), within both national and organisational contexts there exists extensive differentiation, diversity and ambiguity in personnel/human resource practices. The differentiation in practice is linked with environmental and organisational characteristics including size of organisation, industrial sector, economic activity, managerial ideology, role of the state, national culture, business strategy, organisational structure, organisational culture, the degree of centralisation or decentralisation, ownership and age of organisation (Sisson 1989).

The use of the term human resource management (HRM) has given rise to a considerable body of literature in an attempt to define, or deny, its distinctiveness in relation to personnel management (see Armstrong 1987; Beer et al 1985; Fowler 1987; Guest 1987; Legge 1995; Storey 1989). Some of the characteristics of HRM which have been accepted as distinctive, even by those who question its overall distinctiveness include: integration of managing employees with corporate business strategies (Hetrick 2002); the development and enforcement of a "strong" corporate culture through HR policies and processes; the increasing focus on the individual as opposed to collective employee relations issues; and an increased role for line managers, at all levels in the management of human resources (Legge 1995; Clark and Makory 1996).

However, having identified the distinctiveness of human resource management (HRM) and personnel management (PM), it would be inaccurate to suggest that one approach has taken over from the other, just as it would be wrong to suggest that one is modern and the other is old fashioned, or that one is right and the other is wrong. Both are usually present in one organisation. And possibly for this reason, Hogue and Noon (2001) wonder whether

departments that have adopted the HR title operate differently from those that have retained the personnel title.

### **The Changing Roles of HRM**

For more than a decade, the field of HRM has gone through unprecedented change. Ralph Christensen (2006) observes that this change has been fuelled by the creative thinking and writing of an emerging cadre of academics and consultants including Ulrich (1997), Lawler (1995), Guest (1997), Kaufman (2001), Losey (2001) and Reilly (2006). These HR gurus have been incredibly helpful in expanding the way that the HR professionals and line management think about HRM. According to Ralph Christensen (2006), their contributions have included:

- Making a compelling case for a new HRM.
- Providing clarity concerning the different roles of HR professionals might play.
- Identifying the competences that are needed in each of these areas.
- Offering new insights into the measurement of human resources results and suggesting means of determining if HR is making any real difference.
- Creating the concept of business partnership, the need to connect with the business and make a difference on bottom – line results.

While the role of human resources management has been under constant scrutiny in recent years, practitioners and academics alike agree that effective HRM has never been more important than at the present time (Raub et al 2006). Research has provided convincing support for the link between HR practices and the profitability and economic value of an organization (e.g. Huselid 1995; Ruona and Gibson 2004; Mello 2002). As a result, there is now increasing widespread acceptance of the fact that HR professionals play a key role in making a business successful (Ulrich 1998; Cooke 2001; Becker and Huselid 1998).

The debate on the current academic literature on the HR function, evolves around the implementation of the HRM practices in the workplace – both for line managers and for employees (Jaroslaw Fotyga 2006). The studies focus on analyzing the link between HRM practices (in particular on the use of high commitment or high performance practices) and their impact on organizational performance (Sisson and Storey 2000; Purcell 1999; Guest et al 2000). As both Lawler and Mohrman (2003) have noted, forces have converged to support the idea of HR as more of a strategic partner. Organizations are undergoing

dramatic changes with significant implications for how human resources are managed. Perhaps the most important of these changes is the rapid deployment of information technology and the increasing amount of knowledge work they do (Martin 2005). Also important are the rapidly changing business environment and the increasing complexity of modern organizations. These and other changes have created a growing consensus that effective human capital management is critical to an organisation's success (Jackson et al 2003). This raises the important questions of how human capital should be managed and the kind of function HR should perform with respect to human capital management, and how the HR functions should be organized in order to add value in the changing business environment. Lawler and Mohrman (2003) believe that execution failures of strategies are often the result of poor human capital management. This therefore opens the door for HR to add important value if it can deliver change strategies, plans, and thinking that aid in the development and execution of business strategy.

Recent Mercer European HR Transformation research (2006) shows that the HR function is undergoing considerable change in its effort to align itself more effectively with the business requirements and to increase its contribution to business value (see The Training Foundation 2007 at <http://www.trainingfoundation.com/research>). Accordingly, several areas show signs of success but as the Mercer's (2006) survey reveals, substantial challenges remain for the HR in terms of maximizing its contribution and optimizing its performance.

According to Mercer's HR Transformation Survey, nearly 80 percent of companies have completed or are in the process of undergoing HR transformation. The survey which is based on US data further states that a number of organizations can demonstrate a positive influence on overall business performance but the evidence also suggests there is a significant gap between what is expected of HR leaders and what is delivered – as HR still spends almost 50 percent of its time on administrative and compliance issues and less than 15 percent on strategic and value-based interventions (also see Theaker and Vernon 2006). The survey reveals that despite some progress, nearly 60 percent of finance executives still view HR as a cost rather than a strategic partner; and 80 percent of HR leaders believe the function is not credited with delivering any value to organizational performance (see Lawler 1995; Ulrich 1997; Mohrman and Lawler 2000).

On the other hand however, in the UK, several reports have argued that the economic and business case for good people management has now been proven: for example, the CIPD

(2001) notes that “more than 30 studies carried out in the UK and the US since the early 1990s leave no room to doubt that there is a correlation between people management and business performance, and the relationship is positive, and that it is cumulative”. At the same time HR functions are being increasingly required to show how they help their organization achieve its corporate objectives (Idea-Knowledge 2007). This means that as well as providing transactional, administrative and operational services, they also need to lead and facilitate transformational change. This changing role will impact on: (i) how the HR function operates and (ii) HR practitioner’s skills and competences (Francis Hellen and Keegan 2006). The Idea-Knowledge (2007) (see <http://idea-knowledge.gov.uk/idk>) argues that HR functions in organizations will need to ensure that they are suitably structured to meet the demands of managers and other stakeholders. They will need to:

- identify whether the current HR function structure is meeting service needs
- determine whether their processes and systems help deliver an efficient and effective service
- identify whether HR practitioners have the necessary skills and competences to deliver strategic people management.

The positioning of the HR function as a key organizational player is proving very attractive to HR professionals and the term “business partner” is increasingly popular with HR practitioners (CIPD HR Survey Report 2003). As a result, the HR function is increasingly expected to embrace a “strategic” and less transactional approach to people management as HR information systems are extended or supplemented with new technologies (Martin 2005; Francis Hellen and Keegan 2006). According to the works of Tamkin, Reilly and Strebler (2006), HR functions, almost irrespective of size or sector, are grappling with a number of problems. Structural change has brought about role uncertainty; the changing external environment within which HR and organizations operate demands new responses; and internal pressures to demonstrate efficiency and added value have to be dealt with. Some of these issues are driving change in organizations. Others are acting as the background against which change is happening (CIPD Survey Report 2003). Either way as Tamkin et al (2006) have written, most HR professionals are faced with various questions. These questions include: How can the function examine its performance? How does HR add value equally in administration, operational support and strategic contribution? With all these changes, the function also needs to consider its own resources. How does HR develop its own staff to ensure it can meet its customer requirements and its own ambitions? How

much of this challenge is about having the right people in place and how much about developing their skills through training and experience?

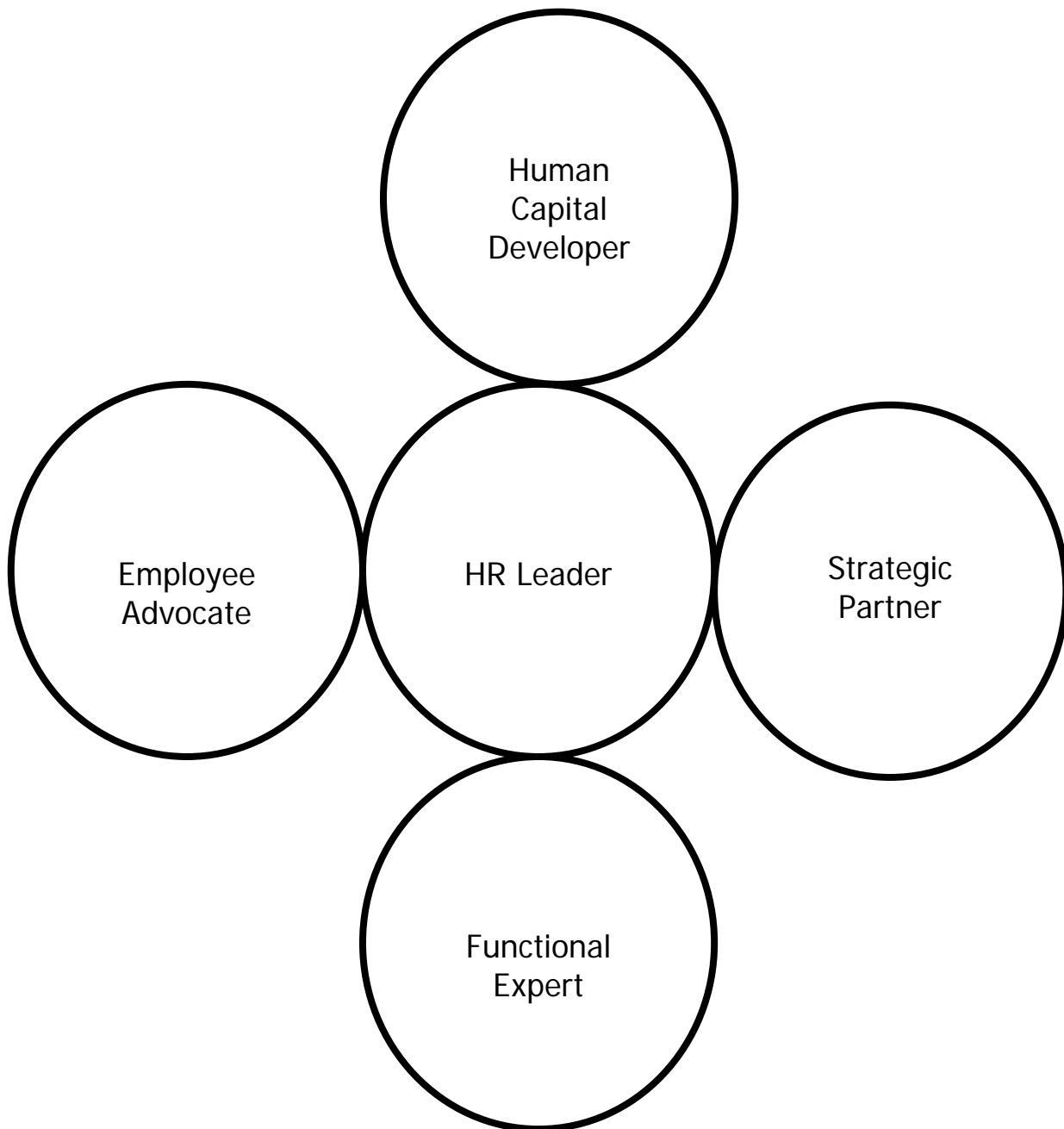
The debate on HR roles has revealed that the combination of roles HR has to play is more complex than an initial impression might suggest (Storey 1992; Tamkin et al 2006; Brown 2005). There is no doubt that HR wants to be a change agent and to build relationship with business management (Ulrich and Brockbank 2005), but this is a difficult and complex task. The drive to meet these objectives shouldn't though, be at the expense of its other activities (Ulrich and Beatty 2001). HR still has to play roles in areas of administrative expert and employee champion (Ulrich 1998). Despite the objections to the terms, there are occasions when HR may well be an advocate of employee interests in a direct manner and indirectly will be creating a climate where line-employee relationships flourish (Tamkin et al 2006).

As Martin and Hetrick (2007) have written, perhaps more than any other figure, Dave Ulrich has helped shape thinking among HR professionals in their quest for relevance. Martin and Hetrick rightly note that Ulrich has been one of the few HR academics who have combined both academics and practice – and claim credibility for both. Dave Ulrich has been much more influential in affecting how HR functions are organized and driving restructuring of them. He first put forward his ideas on the roles of HR in 1996 and has updated them by drawing on his more recent research (Ulrich and Brockbank, 2005). The HR delivery model of Dave Ulrich (1996, 1997, 2005) advocated for the adoption of the HR shared services and role specialization. Ulrich (1997) prescribes that HR practitioners engage in a set of proactive roles defined along two axes: strategy versus operations, and process versus people. The four key roles that emerge are strategic partner, administrative expert, people champion and change agent. In the strategic partner role, HR professionals partner with line managers to help them to reach their goals through effective strategy formulation and strategy execution (Ulrich and Brockbank, 2005). Change agents are responsible for delivery of organizational transformation and culture change. Administrative experts constantly improve organizational efficiency by re-engineering the HR function and other work processes such as introducing shared services. The employee champion is a particularly interesting role. It combines a focus on people with a focus on day-to-day operational issues. In his recent modification of HR roles as outlined in Table 2:1, Ulrich splits the employee champion role into the “employee advocate” and “human resource developer”, placing the latter as a more future – focused process role (Ulrich and Brockbank 2005). Central to the employee advocate role is the requirement for the HR professional “to

make sure the employer-employee relationship is one of reciprocal value, requiring the ability to see the world through employees' eyes and act as their representative. Similarly, the HR professional should look through the customers', shareholders' and managers' eyes and communicate to employees what is required for them to be successful in creating value. Ulrich and Brockbank (2005) also see HR professionals as functional experts who design and deliver HR practices that ensure individual competence and organizational capability. As strategic partners, they help line managers at all levels to reach their goals. And to tie it together, they must be genuine leaders – credible both within their functions and those outside. These HR professional roles are outlined in Figure 4.1 below:



**Figure 4.1: Synthesis of Roles for HR**



*Source: Ulrich and Brockbank, 2005*

Table 2:1 outlines the developments in the “Ulrich model”. It includes both the original Ulrich ideas on the roles of HR (i.e. 1996) and the recently updated roles (i.e. 2005) in his more recent research. The Ulrich model dominated the corporate world and the academic discussions, and since the mid 1990s almost 90 percent of all academic publications in the UK about the HR function referred to the ideas and concepts developed in the US (Jaroslaw Fotyga 2006).

**Table 2:1: Developments in the “Ulrich” Model**

Old Roles (1996)	New Roles (2005)	Description of New Roles
Employee champion	Employee advocate	‘Caring for, listening to, and responding to employees ... while at the same time looking through (stakeholders’) eyes and communicating to employees what is required for value creation.
Administrative Expert	Functional Expert	Developing specialist knowledge and skill in: Foundational HR practices, including recruitment, promotions, transfers, outplacement, measurement, rewards, training and development; and Emerging HR practices, usually not under the direct influence of most HR professionals, including work process design, internal communications, organizational structures, design of physical setting, dissemination of external information throughout the firm and executive leadership development.
Change Agent	Human capital developer and	Focus on the future of individuals and teams, developing plans that offer each employee opportunities to develop future abilities, match desires with opportunities and master new skills.
Strategic Partner	Strategic partner	Bring know-how about business, change, consulting and learning to their relationships with line managers. They partner with line managers to help them reach their goals through strategy formulation and execution by acting as devil’s advocate, crafting strategies and developing the strategic IQ of the business.
	HR Leader	The sum of the other, four roles of strategic partner, human capital developed, functional expert and employee advocate, plus Leading the HR function, collaborating with other functions by looking outwards and as network integrators, setting and enhancing the standards for strategic thinking, and ensuring corporate governance.

**Source: Martin and Hetrick, 2007**

According to Ulrich (see Ralph Christensen 2006) the need for transformational HR is greater than ever. In a global economy, with customers having ever-increasing choices, with

technology changing the rules of both the design and delivery of products and services, with changing demographics in the workforce, and with information ubiquity, business leaders have learned that they must adapt to new rules of competition. Competitiveness is no longer a formal strategy with a product focus and three-year capital plans. Competitiveness requires that leaders create organizational capabilities to match strategic intents, engage people fully in the business, and move ideas quickly across boundaries. The new organizational capabilities become the deliverables of HR. They shape the agenda for HR professionals who want to turn in their traditional administrative roles for ones centred on creating strategic value.

Before concluding this section on “the changing roles of HRM”, we need to emphasise that in order to support a strategic people management approach, the HR function will need to:

- facilitate change and support the developing agenda of the organization, its component parts and partners;
- ensure that it can provide strategic advice, such as the ability to link people management with the overall organizational objectives;
- ensure that it can provide specialist advice on particular areas such as pay policy, employee relations, etc;
- improve lines of communication, across departments and the organization and between strategic and implementation activities;
- position HR practitioners close to the customer and be able to influence decision making organizationally and departmentally;
- be flexible and therefore able to meet the current and anticipated requirements of the organization, its component parts and partners;
- allow for clearer accountability to enable consistent, high quality HR advice relative to need;
- enable HR good practice to be effectively shared across the organization, its component parts and partners to avoid duplication of effort; and
- facilitate the ongoing professional and career development of HR staff (also see Idea-Knowledge, 2007).

All the above functional areas are important for the HR professional because as Francis Hellen and Keegan (2006) have rightly observed, current models of HRM suggest that expectations about HR roles are changing as organizations are striving to make the HR function more strategic. The move to strategic HR assumes that administrative competence

in needed areas is a given (Ralph Christensen 2006). Again one never gets the invitation to be strategic if the appropriate administrative basics are not in place and functioning like clockwork. Strategic HR work focuses on the path between human talent and winning in the marketplace. It looks at the relationships among the human, financial, market, and technological assets of an organization in order to build organizational capabilities that enable organizations to win in the marketplace. As Martin and Hertrick (2007) have stated, human resource management is being challenged in three ways: (1) To deliver more (for the business). (2) To become more (knowledgeable, analytical and creative) and (3) To deliver to a more differentiated workforce. Measures of success for HR have moved away from internal, transaction costs such as costs of recruitment and HR headcount, to externally focused ones that address the key strategic drivers of the business.

As observed by Siddique (2003) and Buyens (2001), the matter has gained even more prominence in the recent conceptualisation of human resource management. Better known as Strategic Human Resource Management (SHRM), it emphasises, among other things, the following: (i) that it is human capability and commitment which distinguish successful organisations from others; (ii) that managing human resources is a matter of truly strategic importance; (iii) that human resource management is an activity which is to be owned by all managers; and (iv) that the key levers must be internally integrated with the organisational strategies. Here strategic HRM is defined as the linking of the HR function with strategic goals and objectives of the organisation in order to improve business performance and develop organisational cultures that foster innovation and flexibility (Truss and Gratton 1994; Tyson 1997). The integration of the human resources into the organisational strategy provides the basis for enabling the HR function to support and implement the strategic plan to achieve a competitive advantage. Obviously, this strategy provides for the maximisation of human capital, reduction of wasted and inefficient labour, and other financial investment, eventually maximising profitability.

The emphasis on HRM and performance is not restricted to the private sector but is also found in the public sector, where not-for-profit organisations and all levels of government are seeking to maximise the productivity of employees and improve the quality/delivery of services (Wright and Rudolf 1994). According to Lavigna (2002), today public sector organisations are under pressure to radically change the way they do business. While the demand for reform in government addresses virtually every aspect of public sector performance, discussions about reinventing government inevitably turn to human resource

management. It is not uncommon to note that at every level of government, HRM/personnel systems are being criticised as inflexible, unresponsive, slow, rule-bound, operational and user-unfriendly. Of course, negative criticism is bound to be heard in most organisations, public and private. However, this is a particularly important issue in the public sector where effectiveness depends almost entirely on attracting, retaining, and motivating talented employees and all these revolve around proper HR policies and systems.

Obviously HRM and organisational performance has several implications to managers. The implications of this are, firstly, that managers must focus on identifying and solving the human capital elements of important business problems, defined as problems that are likely to impede growth, lower profitability, and diminish shareholder value (Becker et al 1997; Wood 1999), and, secondly, that top management treats the HR system as a potential strategic lever for the organisation, an essential element of the firm's strategic infrastructure. As Ramlall (2004) has argued, a key aspect of successful leadership is the ability to understand one's workforce, to be able to influence their behaviours and to predict their behaviours given any specific conditions. Today the HR function may not view this as part of its core responsibility, but in reality it is definitely HR's responsibility to understand the needs of the workforce and how any given policy or practice may affect the behaviours of employees. Indeed the significance of the management of human resources as an activity to be carried out by all managers has been recognised by several researchers (Sisson 1994; Thornhill and Saunders 1998).

Good managerial practices and policies can engage the energy and intelligence of workers through the principle of reciprocity (Rogovsky and Sims 2002). Employees who are treated well by their employer will respond with efforts to help the employer. Employees who have a long-term stake in an organisation, through job security, status, promotion prospects and financial interests associated with gain-sharing, are more likely to be committed. Commitment in turn induces workers to act in ways that benefit the organisation and its goals. The benefits from these policies go beyond avoiding the problems of an angry and withdrawn workforce. They include tapping the ideas and initiative of workers, who are, after all, on the frontline for improving work processes and business outcomes. Kuman et al (2002) rightly observe that many managers today recognise the benefits of "high commitment" human resource practices that respond to employees' needs, encourage employees to take responsibility for their work lives, and motivate employees to behave in ways that benefit the organisation. Needless to mention, all this requires managers of

people at work to embrace good HR policies and practices. And as Svoboda and Schroder (2001) have observed, it is not surprising that in these times, top management in a good number of organisations has made the management of the organisation's human capital a "business case" and has thus increased the pressure on the HR function to play a more strategic, value creating role.

Having discussed the relationship between the HR function and organisational performance and its implications to the managers, it is important to note that not all organisations which have attempted, or will attempt, to introduce a sophisticated HRM programme, will succeed (Wright and Rudolf 1994). From an implementation viewpoint, there are numerous potential pitfalls about which to be concerned. Some of the factors which may contribute towards HRM programme failure are outlined by Kossek (1990). He rightly argues that HR programmes will not succeed where they:

- are introduced as image producers in the broader community for senior management but where neither senior management, nor organisational culture is supportive;
- are the result of looking for a quick fix with little thought given;
- are developed and introduced with little employee input;
- try to deal with all problems, but deal with none effectively;
- are met with resistance;
- lack post-programme evaluation;
- are delivered by HR departments which have no real authority to direct implementation.

As we conclude this section on the role of the HR function, it is imperative to appreciate that the basic resource in any organisation is the people. And what is true for organisations are true for nations as well. In the current competitive environment, the reliance on people hasn't fallen, but has increased. Nations are much more human capital based economies than they were even thirty years ago. Therefore, the most successful organisations and countries will be those that manage human capital in the most effective and efficient fashion. This is because people management offers a direct artery to the heart of the productivity and quality improvement issue. If organisations are going to live well and prosper in this century, how effectively they manage and grow their workforces will be central to their ongoing success. The author is however aware that there is still a good deal of debate about the link between HRM instruments and performance. (See Buckingham and Sparrow 1997; Buyens and De Vos 2001; Dyer and Reeves 1995; Lawler & Mohrman 2002).

## **The HR Knowledge and Skills for HR professionals**

Arising from our earlier discussion, it is apparent that the arena of HR is one of the most challenging and exciting aspects of organisational success being addressed today. Christensen (1997) argues that it is the arena most likely to provide competitive opportunities in the future. Managers and shareholders are beginning to realise that behind every single business issue (or symptom) ultimately lies a human issue. As stated by Kaufman (1994) the HR function in organisations is undergoing a marked transformation due to heightened competitive pressures, technological innovations, and new methods of management and organisation. It follows therefore that as the role of the HR function changes, so do the skills and competences required of the people hired to manage and staff the HR department.

The role of the HR function has changed tremendously over the past 10 years (Ramlall 2004). Previously, HR functions were viewed not as an integral core of the business but rather as an administrative function. Ramlall adds that the HR function was often viewed as an expense-generator and not as a value-added partner. In the past, according to Hansen (2002), HR managers were often seen as occupying staff positions that dealt with traditional functions, including hiring, training, salary, benefits, record keeping and the like. Because many did not fully understand business fundamentals, HR practitioners and their various functions were never perceived as being “critical” to the overall success of the organisation. As a result, Kaufman (1996) believes that the continued adherence to this traditional role has led to a “crisis of confidence and credibility” for HR professionals as the world of business undergoes dramatic changes.

In his book, **Human Resource Champions**, Dave Ulrich speaks of a new vision for HR, “that it be defined not by what it does, but what it delivers .... results that enrich the organisation’s value to customers, investors, and employees”. He believes HR needs to shed “Old Myths” and take on “New Realities” (see Table 2:2), and adopt competences and redefines roles focused on results in order to evolve into a true profession that makes a difference for the organization.

**Table 2:2: Ulrich's Old Myths and New Realities**

OLD MYTHS	NEW REALITIES
People go into HR because they like people	HR departments are not designed to provide corporate therapy or social or health-and-happiness retreats. HR professionals must create the practices that make employees more competitive, not more comfortable.
Anyone can do HR	HR activities are based on theory and research. HR professionals must master both theory and practice.
HR deals with the soft side of a business and is therefore not accountable	The impact of HR practices on business results can and must be measured. HR professionals must learn how to translate their work into financial performance.
HR focuses on costs, which must be controlled	HR practices must create value by increasing the intellectual capital within the firm. HR professionals must add value, not reduce costs.
HR's job is to be the policy police and the health-and-happiness patrol	The HR function does not own compliance – managers do. HR practices do not exist to make employees happy but to help them become committed. HR professionals must help managers commit employees and administer policies.
HR is full of fads	HR practices have evolved over time. HR professionals must see their current work as part of an evolutionary chain and explain their work with less jargon and more authority.
HR is staffed by nice people	At times, HR practices should force vigorous debates. HR professionals should be confrontational and challenging as well as supportive.
HR is HR's job	HR work is as important to line managers as are finance, strategy, and other business domains. HR professionals should join with managers in championing HR issues.

*Source: Ulrich, Dave, Human Resource Champions, Harvard Business School Press, Boston, MA, 1997, p 18.*

The original personnel function/role has however not completely disappeared from organisations. Carring (1997) argues that in many human resource departments today, most employees are primarily comfortable doing transactional work. He states that they like to talk to people and answer questions from employees and indeed this is what Ulrich's (2005) model refers to as "employee advocate". Although some may have business acumen, fewer have deep enough insight into operations; and far too few have the analytical skills that will be necessary in the future. Obviously, there is no doubt that due to the current competitive environment in which organisations find themselves, those occupying HR positions must of necessity acquire new competences to propel them as they perform this very important function which is a prerequisite to the success and survival of organisations.



The Mercer's HR Transformation Survey (see Theaker and Vernon 2006) asked participants to identify the primary barriers to transforming the HR function. The following global limitations were identified:

- (i) ***The skills of the function*** – While HR has a strong traditional administrative skills, it needs additional expertise to broaden its contribution across the business.
- (ii) ***The use and integration of technology*** – HR has invested significantly in IT but has yet to demonstrate a real return on investment or quality improvement.
- (iii) ***The role and engagement of leadership*** – Many business leaders underestimate HR's potential to contribute to business performance, which is exacerbated by HR managers failing to drive and sell the changes.

Questions of staffing HR are starting to come to the fore as the implications of change to the functional operating model are becoming apparent and not before time. Tamkin et al (2006) stress that where new roles have been introduced or existing jobs altered, there are clearly consequences in terms of ensuring that incumbent have the necessary knowledge, skills and experience to undertake their responsibilities.

The 21<sup>st</sup> century business context requires HR to become more virtual, more nimble, more efficient in providing operational services and more effective in building organisational capabilities necessary to gain and sustain competitive advantage (Walker 2003). Business leaders see new roles and responsibilities emerging for human resource managers. Hunter et al (2002) emphasise the existing considerable scope for HR specialists: for example, in the selection and recruitment process; in training and development of employees and in contributing to performance management and other areas. Most important as emphasised by Hansen (2002) and Ramlall (2004), HR managers must play a more central role by understanding the business direction of their organisations, including what products and services it produces, who are its typical customers, and how it is positioned competitively in the market place.

The successful contribution to the business from the HR function requires both business and human capital capabilities for balance and perspective, writes Dianne Jacob (2007).

Business-effective HR can and should make a difference to bottom line profits and performance. When HR successfully contributes to the execution of business strategy it can impact the organisation's capability and therefore influence shareholder value or market value. Dianne Jacobs (2007) adds that for an organization to remain competitive it needs to be relevant – both in terms of what it does and how it serves its customers and other key stakeholders. The same applies to HR. HR relevance requires a balanced set of capabilities that include not only the traditional HR competences, but also business-oriented capabilities. So what does all this mean for HR professionals? The challenge is for the HR to integrate itself both managerially and strategically within an organization so that its advice meets the needs of the business and that the "language" it uses is what the business understands. According to Dianne Jacobs, HR professionals should ensure they have the following capabilities: business and financial acumen; insightful solutions to line management problems; leadership skills relating to the HR function; project management; consulting and measurement skills.

As strategic business partners (Wayne 1997), HR professionals, should understand the nature of the business from strategic, operational, financial and other aspects necessary to be part of an effective team managing an organisation. Functioning as innovators, HR professionals are challenged to search continuously for strategies that will create value for the organisation and not merely in a reactionary mode (Kuldeep Singh 2003; Beatty et al 2003). They must help to bring about this transformation through facilitating change with the help of well-planned strategies and processes. Hansen (2002) adds that they also need to deliver functional expertise for traditional HR activities, whether the functions are performed internally or contracted out. He further argues that HR professionals must continue to serve as employee advocates, looking out for people-related processes needed to gain the high commitment and performance that leads to business success. As opposed to their former role of being brought in after the decision was made and then being expected simply to implement that decision, HR managers must be accountable in helping implement and execute business strategies (Wayne 1997, Ulrich 1997). Like Carring (1997), we believe that strategic partnerships, a value-orientation, and more broadly skilled HR employees can help to transform HRM from a cost centre to an essential tool of corporate strategy.

In his forward note, Dave Ulrich (see Ralph Christensen, 2006) stresses that the HR transition from transaction to transformation requires new thinking, models, practices and

competences. He observes that many continue to judge HR's relevance for today's business by yesterday's activities and as a result HR falls short. In Ulrich's view, today's business demands that organizations have capabilities of agility, speed, innovation, collaboration, talent and resilience. Unfortunately, Ulrich regrets that too few HR professionals have developed the business skills, combined with more sophisticated human resources domain skills, to add the needed value to these complex business issues. That is why Francis and Keegan (2006) have suggested that the HR professional should be a "thinking performer". The CIPD defines a thinking performer as:

*"Someone who makes a move to become a business partner and is an HR professional who applies a critically thoughtful approach to their own job so as to make a contribution to organizational survival, profitability and to meeting its vision and strategic goals" (CIPD Professional Standards, 2004).*

In order to meet the modern challenges outlined above, the HR people need to be armed with appropriate skills. Giannantonio and Hurley (2002) explain that a large body of research has examined the required HR skills. Similarly, Way (2002) agrees that the related questions of what future HR/IR professionals need to learn have been a growing concern, not only for academic programme administrators, but also for scholars. Indeed, recent changes in the roles of human resource and industrial relations (HR/IR) professionals place new demands on them if they are to operate successfully in a shifting business environment. According to Hansen (2002) these demands are reflected in what are often described as the core competences or the "knowledge, skills and abilities" required of human resource professionals.

Kaufman (1996) identified the major changes impacting the field of HR/IR and assessed how these changes influenced the job skills and competences that organisations desire. His empirical research suggests that HR/IR professionals will need management and leadership skills; consulting, advising and negotiating skills; analytical skills; computer and information technology skills; and oral and written communication skills. Recently, Way (2002) while agreeing with other scholars (e.g. Kaufman 1996; Lawson 1990) noted that there have been noteworthy attempts to probe the demand side of the labour market for HR/IR professionals in order to unveil the knowledge, skills, and competences needed in HR/IR positions. Way (2002) reveals that the main conclusions have been threefold. First, HR knowledge is increasingly important relative to IR knowledge (Cappelli 1991; Van Eynde and Tucker 1997). Second, knowledge of business is important: it has been advocated that students should have a solid grasp of the fundamentals of the business (Lawson 1990; Ulrich et al

1995), be educated concerning functions such as finance, accounting and operations, and that HR courses should have a more strategic orientation (Kaufman 1996). Third, HR competences need to be developed. They may include goal and action management, functional and organisational leadership, and influence management; change management skills, especially relationship influence, innovation/transformation and role influence (Ulrich et al 1995); job skills, especially writing, active listening, oral communication, initiative, and analytical skills (2001). Ellig (1997) emphasises that being an employees' business partner means matching the employee resources with business needs. It means putting the right person in the right place at the right time with the right skills. Carring (1992) adds that to fit the demands of their jobs and the modern corporate environment, these "new" HR employees must be innovators, risk takers, and leaders of change (also see Burke 1997; Tompkins 2002). And indeed as observed by Ramlla (2004); Topkins (2002) and Way (2002) organisations can be more successful if HR and other leaders are able to analyse historical data; benchmarking other departments and organisations; and even using simulations in planning and implementing future interventions. It is also crucial for HR and other leaders to understand the theories that are relevant to managing employees within specific contexts and the strategies that may be more effective in improving performance among the workforce. Obviously, an ability reasonably to understand and predict the behaviours of employees provides a definite competitive advantage in making relevant changes and the possible effect on their own organisations.

The US Office of Personnel Management (OPM) which ensures that the Federal Government has an effective workforce together with the International Personal Management Association (IPMA) have similarly compiled a Human Resource Competence model which also includes concepts from Human Resource Champions by Dave Ulrich. This model which is outlined in Table 2:3 reveals that the competences may not be limited to the particular assigned role, for example under the OPM and IPMA model, the "Oral communication" competence cuts across all roles of being a strategic partner, leader, employee champion, technical expert and change consultant. In reality, according to the OPM and IPMA model competences will be fluid among the various HR roles. The OPM/IPM model includes several competences divided into four major HR roles: HR technical expert, strategic partner, change consultant and leader. While recognizing the continued importance of HR expert role, the model (Table 2:3) envisions a new HR professional who partners with managers to proactively devise effective solutions to organizational problems, leads and manages change, and serves as a role model to promote leadership, ethics and integrity. The OPM/IPMA Competence model

shows the interrelationship among the four HR roles. The roles are carried out in the context of the work that needs to be accomplished and the organizational environment. As mentioned earlier each role is performed separately but is closely related and often requires the same competences. The HR expert role serves as a foundation for all other roles and competences. The combination of technical expertise and other competences results in superior performance.

**Table 2:3: OPM & IPMA HUMAN RESOURCES COMPETENCE MODEL**

<b>Role</b>	<b>Competency</b>	<b>Demonstrates</b>	<b>Activity</b>
STRATEGIC PARTNER	<ul style="list-style-type: none"> <li>• Organizational Awareness</li> <li>• Problem Solving</li> <li>• Customer Service</li> <li>• Stress Tolerance</li> <li>• Oral Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding of public service environment</li> <li>• Knowledge of agency's mission</li> <li>• Knowledge of organizational development principles</li> <li>• Understanding of business process &amp; how to change and improve efficiency and effectiveness</li> <li>• Innovation and encourages risk-taking</li> </ul>	<ul style="list-style-type: none"> <li>• Interacts with customers in a way that demonstrates customer concerns and problems are heard, builds confidence and trust</li> <li>• Links HR policies and programs to the organisation's mission and service outcomes</li> <li>• Applies organizational development principles</li> <li>• Adapts HR services to the client's organizational culture</li> <li>• Designs and/or carries out HR services that incorporate business system applications</li> <li>• Uses HR principles that change business processes to improve its efficiency and effectiveness</li> </ul>
LEADER	<ul style="list-style-type: none"> <li>• Decision Making</li> <li>• Planning &amp; Evaluation</li> <li>• Conflict Management</li> <li>• Self-Management</li> <li>• Self-Esteem</li> <li>• Oral Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Analytic, strategic &amp; creative thinking</li> <li>• Knowledge of staff &amp; line roles</li> <li>• Knowledge of business system and information technology</li> </ul>	<ul style="list-style-type: none"> <li>• Acts decisively</li> <li>• Manages resources e.g. human, funds, equipment</li> <li>• Applies conflict resolution methods in organizational situations</li> <li>• Uses consensus &amp; negotiation coalition building skills to improve overall communication</li> </ul>
EMPLOYEE CHAMPION	<ul style="list-style-type: none"> <li>• Flexibility</li> <li>• Teaching Others</li> <li>• Learning</li> <li>• Interpersonal Skills</li> <li>• Oral Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Develops employee &amp; agency's relationships</li> <li>• Understands, values &amp; promotes diversity</li> <li>• Balances both agency's &amp; employees' demands &amp; resources</li> </ul>	<ul style="list-style-type: none"> <li>• Develops other's talents to maximize human potential</li> <li>• Mentors individuals to develop talent</li> <li>• Assesses &amp; balances competing values e.g. policies &amp; mission needs</li> <li>• Builds trust relationships</li> </ul>

TECHNICAL EXPERT	<ul style="list-style-type: none"> <li>• Technical Competence</li> <li>• Legal, Government &amp; Jurisprudence</li> <li>• Personnel &amp; Human Resources</li> <li>• Information Management</li> <li>• Arithmetic</li> <li>• Mathematical Reasoning</li> <li>• Customer Service</li> <li>• Writing</li> <li>• Reading</li> <li>• Memory</li> <li>• Attention to Detail</li> <li>• Oral Communication</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge of human resources law &amp; policies</li> <li>• Knowledge of work-life &amp; organizational plans</li> <li>• Knowledge of information technology</li> </ul>	<ul style="list-style-type: none"> <li>• Applies expertise in the full range of the HR arena to support agency's mission and business needs</li> <li>• Uses surveys and other tools to provide information to help create an effective and efficient work environment</li> <li>• Adapts information technology to HR management</li> </ul>
CHANGE CONSULTANT	<ul style="list-style-type: none"> <li>• Teamwork</li> <li>• Reasoning</li> <li>• Influencing/Negotiating</li> <li>• Integrity/Honesty</li> <li>• Creative Thinking</li> <li>• Oral Communication</li> <li>• Stress Tolerance</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational development principles</li> <li>• Understanding of marketing</li> <li>• Representation of HR products and services</li> <li>• Understanding of team behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Assesses the readiness for change &amp; identifies appropriate change strategies</li> <li>• Designs &amp; implements change processes</li> <li>• Applies organizational development principles</li> <li>• Applies innovative strategies including identifying and recommending solutions to various personnel and HR issues</li> <li>• Uses consensus, consultation &amp; negotiation/consensus building</li> <li>• Influences others to act</li> <li>• Practices &amp; promotes integrity &amp; ethical behavior</li> <li>• Works in teams</li> <li>• Communicates well</li> </ul>

Source: <http://www.opm.gov/studies/transapp.pdf>

Assuming the future of HR is ensured, it is important that the HR function is fully equipped to deal with the challenges it faces. To achieve this, it needs HR practitioners of a high caliber who can contribute to their own areas and also to pull the function together into a coherent contributing whole. In addition the function needs to be agile and to respond to the goals and objectives of the organization. To be a partner to the business and to make a critical contribution to the implementation of strategy, HR practices need to be aligned to the overall business strategy. Particular strategies call for specific competences and people processes, and need different types of leadership, management and functional competences and behaviours. Lawler and Mohrman (2003) believe that the HR person not only has to be well-trained in the craft – how to teach people, develop them, make them interested in staying with the organization, and know what's important for building momentum and morale in an organization – but also must have the same characteristics as any business leader has. These include business acumen, the ability to understand how a company makes money, the ability to think critically, a passion for results, and the ability to link strategy and execution.

Deriving from the HR competences discussed above, the challenge to management training institutions remains to determine how to adapt their programmes and instruction to this new environment. Hansen (2002) predicts that concentrating on traditional content knowledge will no longer suffice. Greater emphasis must be given to cultivating a broad set of skills to complement the standard array of knowledge taught in regular courses. It is therefore crucial for management educators such as Uganda Management Institute to look closely at changes in the HR/IR function, contrast them with how students are being educated and trained in the current HR/IR programmes, and then decide what if any response is appropriate.

### **The HR/IR Department**

Lawler and Mohrman (2003) have revealed that staff functions, in general, are under fire in organisations as controlling rather than adding value, and not responding to operating units' demands for change. They are therefore being asked to change to provide expert support to the strategic initiatives of the organisation, and to take advantage of the technology and other approaches to deliver more efficient and responsive services. Similarly, other writers (see Lawler 1995; Brockbank 1999) have argued that despite compelling arguments supporting the view that HR management is the key strategic issue in most organisations, HR executives historically have not been strategic partners. As outlined earlier, the HR



function has been an administrative function headed by individuals and departments whose roles are largely focused on cost control and administrative activities (Ulrich 1997). However, the emerging consensus in the HR literature is that most effective HR departments are those that add value by playing a business partner role (Lawler 2003; Christensen 1997; Huselid 1997). As Spitzer et al (2007) have written, many human resources (HR) executives today will tell you they've shifted their focus from administration to human capital strategy. Although Spitzer and her colleagues also believe that many organizations have engaged in transformational efforts through methods such as outsourcing, shared services development and technological improvements, a true transformation involves more. To enable the HR function to create the value the business demands, significant focus must be placed on building the capabilities and experience necessary to motivate and engage current and future workforces. To do so involves transforming the HR department on three levels: strategic, programmatic and operational. This is because the HR department is changing from what was once quaintly called personnel. Rather than simply handling a company's day-to-day tasks such as payroll and pensions, HR units are seeking to play a fuller part in the business, including strategic decisions taken at the very top. Under this section we shall therefore review the expected role of the HR/IR department; the positioning of the department in organisations; the likely problems that HR departments are confronted with; and the future of the HR department.

A study on the role of HRM conducted with 3000 line and HR executives in 12 countries found a significant shift in the roles advocated for HRM departments (Bowen et al 2002). A notable shift was that respondents thought the HRM department should shift from an operational focus to a strategic focus (Schuler 1994). An operational focus addresses short term plans for the specific activities in the HRM mix, i.e. staffing, training etc. A strategic focus is when the department gets involved in the broader, long term strategic decisions of the firm. Respondents indicated that with forces such as globalisation, the need for adaptable and flexible workforces, rapidly changing technology and the like, the HRM department would require this strategic focus in order to be viewed as an important and effective department. A similar view is expressed by Tompkins (2002) when he writes that the HR department plays a strategic role to the extent that its policies and practices support accomplishments of the organisation's objectives. Key components include analysing the agency's internal and external environments, identifying the agency's strategic objectives, developing HR objective and strategies consistent with the agency's goals (vertical integration) and aligning HR policies and practices with each other (horizontal integration).

This therefore means that the HR department must understand the strategy and economic realities of the business it supports. It must be regarded as an essential contributor to the business mission. Obviously, the HR people are expected to speak the language of the business and their activities must reflect the priorities of the business. As observed by Ehrlich (1997) nothing contributes more to the credibility of the HR department than for it to be focused on matters of genuine concern to the business. If it is not, it creates the opportunity for its opinion to be disregarded and its contribution to be minimised or even eliminated. On the other hand however, and linking HR roles with organizational performance, Ulrich's (1997) model suggests all four roles should be carried out simultaneously to improve firm performance. In his framework, Ulrich (1997) sets out a vision of unproblematic, collaborative partnership between line managers, senior executives and the HR department (also see Hailey et al, 2005).

Unlike the old personnel department, the primary function of a modern HR department should be to advise managers on matters of organisational development and strategic planning (Zarcone 2002). This increasingly involves the proper alignment of limited resources to achieve specific business goals. That is why Christensen (1997) believes that if an organisation has chosen to invest in an HR department as part of its strategy to deal with human issues of the enterprise, it should also expect a "business plan" of the HR department. This HR business plan sets out the vision, strategy, priorities, core capabilities, and required competences of the HR department. Through appraisal of the plan the firm's executives can assess and measure whether or not they are getting an appropriate return for their investment in an HR department (Lawler and Mohrman 2003). This is so because the greatest demand company executives have of HR departments is that they become more "bottom line" oriented and business partner (Walker 1989; Schuler 1990). Of course, no HR department can consider itself to be a true strategic partner in the business if it can not assess current operations and come up with better ways of working (Ehrlich 1997). The assumption of a strategic role for the HRM department has been viewed as an upgrading of its status. It is evidence of a transformation from being merely an administrative service or legally necessary function to becoming a strategic partner (Beer 1997; Ulrich 1997). However, sometimes as perceived by Purcell (2001), debates on the role and position of the HR department or the professional become a mixture of guilt and boredom: guilt because of the inevitability of the accusation of limited influence and a function unable to hold its

own in the corporate corridors of powers; boredom as the seemingly endless debate continues on whether HRM is different from personnel management and whether it matters.

Today's business challenges demand a focused HR agenda. An agenda connotes a short list of items that receive management attention over time. Accordingly, Barney and Wright (1998) suggest that HR departments and their executives must consider the future organisation's needs through answering the following questions:

- What is the firm's core competence, or the core competence the firm is trying to develop in the next 5 – 10 years?
- What will be the competitive landscape 5 – 10 years from now in terms of your firm's product markets and labour markets?
- What kind of human resources will your firm need to compete successfully five years from now? Ten years from now?
- What types of HR practices are needed today to build the organisation needed in the future? (also see Kesler 2002).

There is no doubt that all the above parameters point to the fact that the HR profession is at a juncture where measuring HR efforts has become an integral focus on the HR department. Ramlall (2004) suspects that some practitioners will naturally resist this important aspect of HR, but through coaching, training, and practice, expertise will be developed, ultimately improving the performance and effectiveness of the HR function. Only through such efforts can HR validate its claim that it is a strategic business partner and a value-added department within the organisation. Naturally, this demand has strategic implications to management educators and institutions.

The HR department and its executives are however, obviously not without acute problems. Although as earlier stated, examples of strategic partnerships are increasingly heralded in professional journals and at management conferences, many jurisdictions do not include human resource professionals in strategic deliberations (Tompkins 2002). Barney and Wright (1998) have pointed out that despite these widely held beliefs and all-too-frequent statements that the HR function plays an important role in firm performance, many organisational decisions suggest a relatively low priority on both the human resources of the firm and the HR department. They further argue that even when top managers value the firm's people, they may not value the HR department. The unresolved issue therefore is how the HR executives and the department can forge a strategic partnership with the rest of

the organisation. As earlier discussed, traditionally, agency executives have tended to view the personnel/HR office as a staff agency performing relatively routine functions and occupying a relatively low status in the organisational scheme of things. Consequently, they have not been inclined to involve HR managers in strategic deliberations. At the same time, Tompkins (2002) notes that many HR managers have been slow to insist upon a strategic role because their professional training has not prepared them to perform such a role. This is because training in personnel management tends to emphasise the administration of personnel systems rather than general management or organisational development. One study of large corporations and another study that focused on cross-section of firms found that the major focus of most HR functions is on controlling costs and on a host of administrative issues (Legge 1995; Lawler et al 1993). Missing almost entirely from the list of HR focuses were key organisational challenges such as improving productivity; increasing quality and improving ability of the organisation to bring new products to the market (Lawler and Mohrman 2002). The good news however, is that this situation is gradually changing and the HR function is beginning to redefine its role (Wright et al 1999).

Therefore, in order for the HR function to face the future organisational challenges resolutely, quantifiable measures of how the HR department adds value to the organisation must be developed. Indeed the role of human resource management within organisations is changing gradually and with it the need for practitioners to develop competences to meet the challenges of the future (Alvares 1997; Burke 1997; Reinchnberg 2000). And obviously, the requirements of HRM cannot be satisfied unless the HR office fundamentally alters the way it does business. An unresolved issue is how to do so. Advocates of HRM have offered several recommendations in this regard (see Tompkins 2002; Beer 1997; Beatty and Schneier 1997). First, the HR department must develop the capacity it needs to support strategic initiatives. Tompkins (2002) suggests that HR departments must develop staff expertise in job design, organisational development, change management, employee motivation and human resource theory. He also proposes that HR staff must develop knowledge of general management, agency mission, and the specific HR problems facing managers. Schuler (1994) asserts that effective firms in highly competitive environments in future will have world-class HRM departments which are highly involved in linking HRM practices to the strategic goals of the business. The department must therefore lead the discovery of new ways for mobilising the talents and energies of employees so that they are able to contribute more. As observed by Beer (1997), in order to make a successful transformation, the HR department will have to shed its traditional administrative,

compliance, and service role and adopt a new strategic role concerned with developing the organisation and the capabilities of its managers. As a strategic player, the HR department must add value; more importantly, a player scores. The department's focus must, therefore be on scoring – on making things happen for customers – rather than merely being a part of the team. Of course Rome was not built in a day and similarly the transformation of the HR department is likely to be a gradual and evolutionary process which however needs to be supported by all managers.

### **The Role of Line Managers in the HR function**

One of the characteristic features of the human resource management literature is the pivotal role which has been given to line managers as a delivery point for a variety of employment policies that are intended to raise the performance of the workforce. Modernisation across the sectors has increased the need for a more strategic approach to human resource management and in many organisations has led to the devolution of HRM responsibilities to line managers. Hailey et al (2005) have noted that as a consequence of the adoption of increasingly strategic roles of HR, much responsibility for people – focused HRM – such as the employee champion and change agent (Ulrich and Brockbank, 2005) roles – is being devolved to line management.

CIPD (2001) argues that the strategic objectives of high performance working must spread beyond professional people managers to be shared by all players in the economy, especially those at the head of the organisation and those with line management responsibilities. According to CIPD, people management must be mainstreamed, not marginalised. Indeed the inclusion of line managers in the HR function is in line with Franklin D. Roosevelt's philosophy when he said that "people acting together as a group can accomplish things which no individual acting alone could ever hope to bring about" (Aggarwal and Simkins 2001). However, as Purcell and Hutchinson (2007) have lately revealed, research on the link between HRM and organizational performance has neglected the role of front-line managers, yet it is these managers who are increasingly charged with the implementation of many HR practices. The HR practices perceived or experienced by employees will, to a growing extent, be those delivered by line managers. While some HR policies may impact on employees directly, most rely on line manager action or support, and the quality of relationship between employees and their immediate line managers is liable too, to influence perceptions not only of HR practices but of work climate, either positively or negatively. Therefore the relationship between employees and line managers is important in influencing the employees' views of the support received or available from the organization both at the

functional practice level and in organizational climate. As Tamkin et al (2006) have written, the boundary between what line management does and what HR does is never a settled one, but nonetheless in broad terms the shift of activities from HR to managers has been a primary goal by HR for over 20 years (CIPD, 2006).

Line management whose importance in the management of people has been traditionally recognised (Poole 1973), can be defined as a feature of organisations which can be traced to ancient times. The term and its association with Fayolism, implies a scalar chain of authority: from senior managers, through the ranks of middle and first-line managers to individual employees (McConville and Holden 1999). The CIPD (2007) defines front-line or line managers as managers who have first-line responsibility for a work group of approximately 10 to 25 people. They are accountable to a higher level of management and are placed in the lower layers of the management hierarchy, normally at the first level. Guest's (1987) initial reconstruction of the core tenets of HRM within the British context identified the role of line managers as one of the central components of HRM. He stated that the attitudes of line managers, along with their behaviour and practices, were crucial if the importance of human resources was to be genuinely recognised and integrated into the organisation. Consequently, line managers should "accept their responsibility to practise human resource management although they may use specialist resources to assist in policy development, problem solving, training and the like" (Guest 1987). As Lowe (1992) has argued more generally: The role of line management is no longer restricted to monitoring and organising production but also achieving the HRM goals of commitment, quality, flexibility and ultimately the profitability of subordinates. Thus it is implied, both implicitly and explicitly, that the role of line management is expanded and redefined so that it incorporates "people responsibilities" rather than purely "technical responsibilities" (also see Poole and Glenville 1997; Thornhill and Saunders 1998). According to CIPD (2007) the roles of line managers typically includes a combination of: people management; managing operational costs; providing technical expertise; organizing, such as planning work allocation and rotas; monitoring work processes; checking quality; dealing with customers/clients; and measuring operational performance, many of which roles are HR – related. Even Legge (1995) who raises many questions about the extent of the reality of HRM, accepts that there is an enhanced role for line managers where organisations adopt policies which turn them into: "business managers responsible for coordinating and directing all resources in the business unit in the pursuit of bottom-line results". Ralph Christensen (2006) asserts that a line manager effectively engaged in HR work displays these qualities:

- Walks and talks the talk about people issues.
- Is willing to devote time to working on people issues.
- Intuitively sees the people implications of business strategies.
- Sees the value of process as a means to an end.
- Is personally able to do the hard people management issues well.
- Differentiates performance and pay.
- Develops staff and others to deliver excellence.

In doing all the above roles the line managers as rightly pointed out by Ulrich (1997) complement the work of the HR manager.

The “HRM paradigm” contends that the bureaucratic model of labour management undermined the authority of line management to the detriment of the business performance, and therefore to give line managers back responsibility for people management will improve the organisation’s product market competitiveness (Gennard and Kelly 1997). Some academic commentators like Beer et al (1997); Guest (1987) and Storey (1992) have argued that the “HRM paradigm” is too important to be left to personnel departments and poses a threat to the role and function of personnel departments. Similarly, Currie and Procter (2001) agree that the relationship between HR function and line management has long been identified as important in HRM. The dominant view has been that, although the management of human resources is vital to the success of organisations, this management need not-indeed, should not-be the direct, day-to-day responsibility of specialist HR managers. According to this view, it is line managers who take on new responsibilities and it is incumbent of HR managers to “devolve” these to them. Budhwar (2000) notes that devolvment is becoming important in the increasingly competitive business environment, which has led to a large scale restructuring in organisations. As a result, line managers have been given primary responsibility for HRM. Based on a review of research in the field (see Brewster and Larsen 1992; Budhwar and Sparrow 1997), the rationale for this development is:

- It can result in better motivation of employees and more effective control, as line managers are in constant contact with employees;
- Local managers are able to respond more quickly to local problems and conditions;
- Certain issues are too complex for top management to comprehend;
- It can help to reduce costs; and

- It can help to prepare future managers (by allowing middle managers to practise decision-making skills).

However, despite the importance and benefits of the relationship between the HR function and line management (see Guest 1987; Storey 1992; Currie and Procter 2001), there appears to be a lack of understanding of the process of enhancing the willingness and ability of line managers to take on responsibility for HR issues. Currie and Procter (2001) express their disappointment that in fact, rather the devolution of responsibility, what we have is what Hutchinson and Wood (1995) describe as “partnership” between HR and line managers. What is lacking, however, is a clear idea of how this kind of relationship works in practice. While the message that line management has an important role to play in HRM is reasonably clear, some questions may be raised about the assumptions behind it. There is considerable ambiguity over what this actually means in practice. First, the distinction between the role of line managers under personnel management and under HRM may be somewhat thin. While there may be some basis for such a distinction when comparing stereotypes of personnel management and HRM at an abstract level (Guest 1987), there is little empirical evidence to support the existence of these stereotypes within organisations. For instance one of the characteristic features of the role of front-line supervisors has always been the direct control which they exerted over the output of the “human resources” under their command. This included the hiring, performance monitoring, and firing of employees (Child and Partridge 1982). Second, the idea that line managers should internalise the importance of human resources and behave accordingly suggests that they should also engage in good people management practices (which would include interpersonal skills, team-building, and so on) along with implementing personnel policies. However, this distinction between human resource and people management practices has never been made explicit. Third, there are no indications of what the role of the supervisor should be under HRM. Lowe (1992) has suggested that the predominant management style might be that of a coach, enabler, or facilitator; the preferred method of labour control would be that of personal control; there would be high levels of status and authority, and high pay differentials, compared to that of the nearest subordinate. While these features describe an ideal type, they may be much more difficult to achieve in practice. While there is of course a vast literature on managers’ jobs and managerial behaviour (see e.g. Stewart 1989; Scase and Goffee 1989, Watson 1994) there is still a remarkable lack of empirical material on the role of line managers within HRM in comparison with other HRM areas such as the link with business strategy (Truss and Gratton 1994). Also, in relation to devolution, Bevan and



Hayday (1994) found that line managers were not adequately consulted about the devolution of responsibilities and were, as a result, unclear about their roles. In any case, they were reluctant to take on personnel responsibilities, because they felt that they were really the work of the personnel function. This, in turn, meant that many human resource departments were reluctant to devolve responsibilities to the line.

There could be several reasons leading to less involvement in the HR function by the line managers, for example heavy workloads in their technical areas and possibly a mere dislike of “poking their noses” in some one’s sphere of influence. However, it could also be true that they may be shy to transact HR business because they feel less competent and skilled in the discipline. CIPD (1997) has noted that while companies have rightly given more responsibility to line managers, in many instances, however, these people do not have well-developed people management skills. Also CIPD observed that training and support of line managers in their people management role is often limited or non-existent, and the role itself is not clearly specified. Similarly, Fenton – O’Creevey and Nicholson (1994) in their study of employee involvement identified difficulties experienced by middle managers, many of whom felt ill-equipped by training or experience to be effective in roles which had changed; many felt disempowered, uninvolved and distrusting their senior management. Furthermore a study by Marchington et al (1993) found that supervisory resistance was due not only to the reasons cited above but also to work overload, conflicting priorities and the absence of explicit rewards linked to their role in charge (Skinner and Mabey 1997).

However, despite the above observations on the effectiveness of line managers in facilitating the HR function, there is a general agreement over one structural change that has taken place: many organisations have devolved HR responsibilities from a functional personnel office to line managers (Cunningham and Hyman 1999; Hutchinson and Wood 1995). It is now widely believed that the practices and behaviours of line managers will affect the level and focus of employee commitment, whether to the organisation or elsewhere. The intended goal from the adoption of HRM policies will be to achieve employees’ commitment to the organisation, with the aim of making these employees more satisfied, more productive and more adaptable. However, to achieve this outcome, line managers need to be assisted to acquire the necessary competences and skills to offer leadership, involve employees, manage change, communicate and motivate. Such skills, among others, will be an important element in affecting the level and nature of employee commitment and productivity.

## **Training and Development**

Training and development of employees is attracting increasing attention (Kleingartner and Anderson 1987; Tannenbaum and Yulk 1992; CIPD 2001; Kaudula 2001). Indeed, debates on the competitive advantage of companies and nations have increasingly focused on human resource development practices (Pole and Glenville 1997). The literature of recent years has stressed the importance of tying training to strategic business planning (Tichy et al 1982; Hendry and Pettgrew 1990; Schuler 1992). The argument is convincing because strategy-linked training is essential to the success of contemporary firms challenged by increasing external and internal changes of organisations. Instead of being activities peripheral to the achievement of corporate objectives, the human resources of the organisation are seen as a vital and an important factor in contributing to the business success (Ashton and Felstead 1995). An organisation's philosophy and strategy are inextricably linked with its approach to improve the current or future performance of its employees. Therefore, the concept of "training and development" which emphasises the process involved in improving the aptitudes, skills and abilities of employees to perform specific jobs must be tied to the overall strategic objectives of the organisation (Fisher et al 1997).

Cooke (2001) has referred to training as a management tool used to develop skills and knowledge as a means of increasing an individual's and ultimately an organisation's current performance in terms of efficiency, effectiveness and productivity. It has also been widely argued that training and development of employees are essential to organisations which seek to gain competitive advantage through a highly skilled and flexible workforce as a major ingredient for high productivity and quality performance (Porter 1990; Streeck 1989). According to Pfeffer (1998), a more highly skilled workforce may increase productivity by producing a higher level of output or by producing output of greater value. A well trained and motivated workforce may cut costs of supervision, as they possess the skills to inspect their own work and become self-managed. Likewise, a skilled workforce can improve the firm's functional flexibility since they are much easier to retrain owing to their relatively broad knowledge base of multi-skills. Pfeffer further argues that a technically competent workforce can also give management confidence in utilising new technology and provide employers with more scope for rapid adjustment to changes in production methods, product requirements and technology.

As observed by Santos and Stuart (2003) conventional wisdom suggests that investments in training and development are associated with a range of individual and organisational benefits. The HR literature, for example, posits training as the “vital component” in organisational processes of cultural change and an important behavioural device in terms of securing workforce commitment and realising the latent potential of employees (Keep 1989). Similarly, economic studies identify training and development investments as key determinants of organisational performance and economic growth (Mason et al 1996; Prais 1995). This tends to explain why recent initiatives such as Investors in People (IIP) and “empowerment” seem to be based on the notion that people are the single best means of sustaining competitive advantage and that organisations should therefore promote the learning and development of their employees (Gardiner et al 2001; West 1994). HR practices have accordingly been expanded in some companies to encompass the facilitation of individual, group and organisational learning (Watkins and Marsick 1992) which according to Honey (1999) is second only to life and death.

There are obviously many interrelated reasons for this surge of interest in learning:

- Changes are bigger and are happening faster. Learning is the way to keep ahead.
- Jobs for life are gone. Learning is the way to develop and maintain employability.
- Global competition is increasing. Learning is the way to sustain competitive edge.
- Increased emphasis is being placed on the need for individuals to take responsibility for their life and work. Learning is the path to increased responsibilities.
- Learning to learn is being increasingly acknowledged as the ultimate life skill.

Whichever way one looks at it, learning becomes crucial for the effectiveness of individuals and of organisations (see ACAS 1997; Honey 1999; Santos and Stuart 2003). We should also not forget that as HR theorists argue (see Cooke 2001; Heyes and Stuart 1998; Gardiner et al 2001), management’s commitment to training and development of the workforce in an attempt to increase product quality and service delivery bears a symbolic significance in that it sends a signal to the workforce that they are valued in the organisation. Such a message may in turn raise the morale of the workforce and encourage their commitment to the organisation. The training they receive at work will enable them to do their job better and give them more responsibility and creativity, hence more job satisfaction and higher motivation which in the long term will enhance the organisation’s productivity (Grugulis and Bevitt 2002).

Training interventions should however not be intermittent but continuous if the individual employee and the organisation wish to obtain its real value (Reichenberg 2000). As Jones and Fear (1994) stated, continuing professional development (CPD) is becoming increasingly recognised by organisations as essential for ensuring their employees remain up-to-date and maintain their professional competence. Madden and Mitchell (1993) define CPD as:

*“the maintenance and enhancement of the knowledge, expertise and competence of professionals throughout their careers according to a plan formulated with regards to the needs of the professional, the employer, the profession and society” (also see ACAS 1997).*

It goes without mentioning that the purpose of all CPD is to promote effective and efficient performance at work.

Accordingly, for organisations to focus increasingly on the importance of learning and knowledge as a prescription for dealing with current pressures, several strategies need to be seriously considered: One strategy of implementing central focus on learning is through the introduction of the learning organisation, a concept which has been expounded by a number of writers and practitioners (e.g. Senge 1990; Nevis et al 1995; Pedler et al 1997). A learning organisation according to Senge (1990) is an organisation that is continually expanding its capacity to create its future. A key factor in the development of a learning organisation is the facilitation of a learning culture which focuses on the continuous development of all employees throughout the organisation at every level not simply on training programmes for privileged groups such as managers. As ACAS (1997) have suggested, investment in people must be fundamental to the business strategy. This calls for actively facilitating the learning, growth and development of individuals. An extensive capability and commitment to training must be an integral part of the organisation's business strategy. ACAS (1997) have accordingly proposed the following essential components to constitute the training policy of organisations:

- The view that continuous training is the norm;
- The assumption that training will be a life-long process;
- Recognition of the need to update existing skills, replace redundant skills and train for new skills; and
- The need for multiskilling to cope with change.

The above training policy guidelines clearly reveal that the training and development function needs to demonstrate that it is central to the business and contributes to its strategic development. However, as noted by CIPD (2001), the extent to which training has a strategic role within management and the organisation has always been a source of

lengthy debate. The common belief is that training is always implemented as a matter of course, and little consideration has been placed on its strategic role in some organisations.

As we conclude the review under this section, it is important to emphasise that in today's changing market place, what sits on top of the training agenda of most organisations is increased workforce productivity through continuous professional development. Training is an investment in human capital and by building employees' knowledge and skills at all levels, you are cultivating and enriching one of your company's most valuable resources. Therefore to achieve its purpose, training needs to be effectively managed so that the right training is given to the right people, in the right form, at the right time and at the right costs. Likewise, in understanding the impact of training it is imperative to determine what difference, if any, the investment made in supporting the business strategy of the organisation. The assessment of the training should focus on the difference in the performance of the employee, the department, the process and the overall organisation.

The Ulrich model in Table 2.1 which describes the new roles of the HR executives together with "Ulrich's old myth and New Realities" outlined in Table 2.2 and the OPM & IPMA human resource competence model in Table 2.3 set a large part of the agenda for training and development, both of the HR professionals and the senior executives and line managers with whom they will work. The new HR roles of: employee advocate, functional expert, strategic partner and HR leader inevitably calls for new skills, knowledge and competences many of which can be obtained through training and development. The training and development programmes for the HR professionals should for example ensure that HR professionals: create the practices that make employees more competitive; master both theory and practice; learn how to translate their work into financial performance; add value; be challenging, strategic as well as supportive; and should join with other managers in championing HR issues. All these will require HR professionals to acquire various competences including: organizational awareness, decision making, oral communication, flexibility, technical competence, teamwork, strategic planning, negotiation, customer service, information management etc. Obviously the new roles and competences for HR executives and line managers will have implications for the sort of agenda that UMI needs to set itself in its new strategic outlook.

## **Industrial Relations (IR) and Performance**

Industrial relations or Labour-management relations have been on the management agenda for decades (Yeh-Yun Lin 1997). Numerous scholars and practitioners have devoted their efforts to examining and improving the relationship (see Guest and Hoque 1995; Metcalf 1995; Davis and Lansbury 1996; Godard and Delaney 2000; Snape et al 2000). As observed by Deery et al (1999), over the last decade or so, there have been intensive efforts to improve organisational performance in almost all developing countries particularly those which have undergone economic reforms dictated by the financial giants in the names of the World Bank and the International Monetary Fund (IMF). An increasingly competitive economic environment has forced many organisations to appraise their existing work arrangements and to experiment with new organisational practices designed to raise productivity and efficiency (Shapiro 2000). Within this context, there has been increasing academic interest in the question of how management and organised labour might successfully coexist and develop more collaborative and mutually beneficial industrial relations arrangements (Kochan and Osterman 1997; Wager 1997).

As perceived by Salamon (1998), it is difficult to define the term “industrial relations” in a precise and universally accepted way. He however adds that any definition must, of necessity, assume and emphasise a particular view of the nature and purpose of industrial relations. Hansen (2002) refers to IR as a broad social science field that focuses on all aspects of the employment relationship; its history is rooted in the analysis of labour problems and the role played by unions and government in the amelioration of these problems. That is why Prokopenko and North (1997) agree that industrial relations in organisations is the sum total of the management’s attitude to labour and labour’s attitude to management’s policies and practices that affect the interests of the employees. Indeed IR are, basically interactions between management and unions (Tayo Fashoyin 1995). They involve continuous dialogue between the two sides on various issues of common interest; through such dialogues, the two sides shape each other’s attitudes. Industrial relations can therefore be regarded as a system or web of rules regulating employment and the collective ways in which people behave at work (Armstrong 1999). The system is expressed in many more or less formal or informal guises: in legislation and statutory orders, in trade union regulations, in collective agreements and arbitration awards, in social conventions, in managerial decisions, and in accepted custom and practice. This is in accordance with the

systems theory of industrial relations, as propounded by Dunlop (1958), which states that the role of the system is to produce the regulations and procedural rules that govern how much is distributed in the bargaining process and how the parties involved, or the “actors” in the industrial relations scene, relate to one another.

At times debates and differences of view have occurred as to the meaning of the terms “employee relations and IR”. Leat (2001) notes that some people argue that there are identifiable differences between them, that there are differences of a substantive nature that justify the use and maintenance of each term, while others argue that the concepts and phenomena described are to all intents and purposes interchangeable. According to Lewis et al (2003), a skim through the articles of books covering this subject area over the past 20 years will give an idea of how the emphasis has changed. In the 1970s and 1980s important authors such as Clegg (1979) and Bain (1983) used the term “industrial relations” in their book titles. More recently the terms “employee relations” (e.g. Gennard and Judge 2002) and “employment relations (e.g. Rose 2001) have been used. Undoubtedly, as Ackers (1994) contends, there is an element of fashion at work here and the two terms can therefore be used interchangeably.

A diversity of opinion exists about the definition, intellectual boundaries, and major premises of the fields of human resource management (HRM) and industrial relations (IR) (Kaufman 2001). Some researchers, for example, claim IR subsumes HRM, while the other maintain the opposite. Yet others believe the two fields are largely separate entities with little overlap in subject matter and research agendas (e.g. see: de Silva 1998; Debashish 1999; Kaufman 2001). Therefore in considering the relationship between HRM and IR, one recognises two central concerns: in what way does HRM pose a challenge to IR and how can the conflicts between the two, if any, be reconciled so that they can complement each other?

In considering the issue, it is necessary to identify the broad goals of each discipline. The goals of HRM have already been identified in the previous sections of this chapter. It remains to consider some of the basic objectives of IR, which could be said to include the following:

- The efficient production of goods and services and, at the same time, determination of adequate terms and conditions of employment, in the interests

of the employer, employees and society as a whole, through a consensus achieved through negotiations.

- The establishment of mechanisms for communication, consultation and cooperation in order to resolve workplace issues at enterprise and industry level and to achieve through a tripartite process, consensus on labour policy at national level.
- Avoidance and settlement of disputes and differences between employers, employees and their representatives, where possible through negotiation and dispute settlement mechanisms.
- To provide social protection where needed e.g. in areas of social security, safety and health, child labour, etc.
- Establishment of stable and harmonious relations between employees and their organisations, and between them and the state (see Powell 1991; Leat 2001; Lewis et al 2003; Debashish 1999; Armstrong 2002).

Industrial relations is essentially pluralistic in outlook (Salamon 1998), in that it covers not only the relations between employer and employee (the individual relations) but also the relations between employers and unions and between them and the State (collective relations). In theory, practice and institutions traditionally focus more on the collective aspect of relations (de Silva 1998). On the other hand, HRM deals with the management of individual human resources, rather than with the management of collective relations. There is of course a certain measure of overlap. Individual grievance handling falls within the ambit of both disciplines, but dispute settlement of collective issues more properly falls within the scope of IR, while policies and practices relating to recruitment, selection, appraisal, training and motivation form a part of HRM (Armstrong 2002). Furthermore, IR has a large component of rules which govern the employment relationship. These rules may be prescribed by the State through laws, by courts or tribunals, or through a bipartite process such as collective bargaining. HRM differs in this respect from industrial relations in the sense that it does not deal with such procedures and rules, but with the best way to use the human resource through, for example, proper recruitment and selection, induction, appraisal, training and development, motivation, leadership and intrinsic and extrinsic rewards. Thus at its most basic HRM represents a set of managerial initiatives (Storey 1998; Guest 1987; Torrington 1991). The table below derived from the works of Kaufman (2001) provide a better outline of the HR and IR commonalties and differences:



**Table 2:1**

***HR and IR: Commonalities and Differences***

<b><i>Commonalities</i></b>	
1.	<i>Focus on employment and workplace issues.</i>
2.	<i>Gives attention to management, unions, and government policy.</i>
3.	<i>Recognises the humanness of labour.</i>
4.	<i>Seeks positive-sum solutions to labour problems.</i>
5.	<i>Are largely applied, multidisciplinary fields.</i>
6.	<i>Have normative blind spots.</i>
<b><i>Differences</i></b>	
1.	<i>HR emphasizes employer's solution to labour problems; IR emphasizes workers' and community's solutions.</i>
2.	<i>HR largely takes an "internal" perspective on employment problems/research; IR largely takes an "external" perspective.</i>
3.	<i>HR's primary goal is organisational effectiveness/efficiency; IR's goal is a combination of organisational effectiveness/efficiency and employee well-being.</i>
4.	<i>HR takes a "instrumental" approach to promoting employee interests; IR treats employee interests as an largely important independent goal.</i>
5.	<i>HR focuses on creating a unity of interest between employer and employees; IR focuses on mediating a conflict of interest.</i>
6.	<i>HR views management power as necessary for organisational effectiveness/efficiency; IR assumes management power needs checks and balances.</i>
7.	<i>HR assumes conflict not inevitable and can be minimised by management; IR sees conflict as inevitable and requiring third-party intervention.</i>
8.	<i>HR sees management as primary contributor to positive employment outcomes and unions and government as occasionally necessary but often burdensome constraints; IR also sees management as key contributor but only if supplemented by strong unions and government legislation.</i>

*Source: Kaufman (2001)*

Some of the tensions between HRM and IR arise from the unitarist outlook of HRM (which sees a commonality of interests between managements and employees) and the pluralist outlook of IR (which assumes the potential for conflict in the employment relationship flowing from different interests) (Leat 2001; Lewis et al 2003; Salamon 1998). It is often said that HRM is the visual embodiment of the unitarist frame of reference both in the sense of legitimization of managerial authority and in the imagery of the firm as a team with committed employees working with managers for the benefit of the firm (Purcell 1991). How to balance these conflicting interests and to avoid or to minimize conflicts (e.g. through promotion of negotiation systems such as collective bargaining, joint consultation, dispute settlement mechanisms within the enterprise and at national level in the form of conciliation

and arbitration) in order to achieve a harmonious IR system is one central task of industrial relations. Therefore as stated by de Silva (1998), the individualisation of HRM, reflected in its techniques which focus on direct employer-employee links rather than with employee representatives, constitutes one important difference between IR and HRM.

Despite the differences between HRM and IR, scholars like Kaufman (2001) believe that the reality of the work world is that most employment relationships represent a mix or blend of HRM and IR assumptions, with some corresponding more closely to the IR view, while many others are in the middle. Mitchell (2001) also believes that HRM and IR have never really been isolated from one another. And as Kaufman (1999) points out, at least in modern teaching programmes, elements of HRM and IR are often combined. While many would argue that modern HRM practices undercut union effectiveness at enterprise level (Beautmont 1991), there is no clear evidence of this in developing countries. As observed by Debashish (1999) unions have a strong presence in the firms where modern HRM practices are implemented.

This leads us to searching for answers on the question whether industrial relations influence organisational performance. This question remains fundamental in industrial relations (Theoret 2002). Ackers (1994) believes that for all the undoubted changes in late twentieth-century industry and society, industrial relations still provides one indispensable map (among others) of work, business and management, with firm social scientific and ethical basis. Similarly, CIPD (1997) research has demonstrated positive link between managerial strategies on employment relations and employees' identification with, and support for, performance improvement and organisational change. According to CIPD, successful organisations are increasingly those which have a constructive relationship with employees and management approach which enables them to develop and draw on the full potential of their people.

The relationship between industrial relations and productivity has attracted considerable attention from scholars in industrial relations and economics, as well as from policy makers, unions and business in general (Doucouliagos and Laroche 2003). There is evidence currently to indicate that workplace innovations are more successful, and their benefits more enduring, if unions are actively involved in their design and implementation (e.g. see Eaton and Voos 1992; Black and Lynch 1998; Deery et al 1999). A number of case studies have suggested that firms or plants characterised by cooperation, employee involvement, and

relatively low grievance rates tend to have higher levels of productivity (Katz et al 1983; Lewin 1999; Rubinstein 2000; Kleiner et al 2002). According to Freeman and Medoff (1984), unions can enhance productivity by improving communication between workers and management. The opening of communication channels between management and workers can result in integrative rather than distributive bargaining (Dworkin and Ahlburg 1985). Unions may provide additional information to a firm about the preferences of employees, thus permitting the firm to choose a better mix among working conditions, workplace rules, and wage levels. These can result in a more satisfied, cooperative and productive workforce. On the other hand however, the view that unions are a hindrance to productivity and thereby impede corporate competitive advantage emanates from the orthodox theoretical arguments that union-induced work rules and practices reduce the level of productivity and cause less than optimal use of equipment and other factors of production (Tayo Fashoyin 1995). A similar argument, based on the traditional monopoly thesis, holds that unions serve to increase wages without the corresponding productivity enhancement, thereby increasing the firm's cost of production (Guest 1987; Salamon 1998). But as explained above, available evidence suggests that arguments of a negative effect of unions on productivity are not always valid. Although the debate on the effect of unions on productivity remain ongoing, recent research shows that unions do not reduce productivity growth; on the contrary, in many cases they have increased the level of productivity (Wadhwani 1990; Freeman and Medoff 1984; Belanger 1989). In several industrialised and developing economies, unions have collaborated with the other social partners in setting up productivity improvement schemes, and also other consultative and implementation organs designed to increase productivity (Tayo Fashoyin 1995).

According to Godard and Delawey (2000), positive performance effects arise in part from the creation of more cooperative labour-management relations, which induce employees to work harder and share ideas in the pursuit of "mutual gains" with employers. From the ashes of an aggressive labour relations posture, modern organisations, as observed by Fretz and Walsh (1998) have moved to a mutual cooperation labour-management relations model. And accordingly, current industrial relations literature discusses adversarial versus interest-based, win-win relationships (see Beil and Litscher 1998; Ackers 1994; Wei-ping and Yuan Duen 2001). This is because the importance of management-employee consultation at workplace lies in the opportunity for employees to discover more about workplace issues and influence their determination. Of course as revealed by Davis and Lansbury (1996), the nature of consultation can vary widely. It may be direct, manager to employee or indirect,

manager to employee representatives. Gordon and Ladd (1990) believe that, once employees have established positive perceptions about the union-management relationship, they are more likely to engage in actions and general outcomes that reflect the joint goals of both union and management. One possible outcome may be the dual allegiance of employees to both their company and their union. This is what Kochan and Osterman (1994) have referred to as “mutual gains” yielding higher productivity and better terms and conditions. In fact Milinski (1998) relates a labour-management cooperation venture to a marriage. Each partner brings to the relationship his own values, rituals, priorities and habits. The marriage will survive and prosper only to the degree that the couple learns to understand and honour their different backgrounds and ultimately, form a partnership blending those two perspectives into one.

A well established industrial relations system is likely to lead to positive participatory management between the managers and employees. Likert (1961) believes that participation in decision making can satisfy employees’ self-actualisation needs and, by doing so, increase employees’ motivation and job performance and be committed to the organisation (Coch and French 1949). In the study of participatory management, research evidence generally supports the common belief that people will better accept decisions they have helped make rather than those imposed on them (Katzner 1995). Locke and Schweiger (1979) argued that participation in decision making may produce high morale and performance which can then lead to the improvement of relationships between employees and employers (Cooke 1992) as both high morale and performance are always desirable by senior management and business owners (Wei-ping and Yuan 2001). In case of failure, employees are more willing to share the blame as they themselves were directly involved in the decision making processes. Consequently they will feel highly obliged to help find solutions to the problems rather than just blame the management. As explained by Wei-ping and Yuan (2001), this minimises potential misunderstandings, resentment and conflicts between employees and employers leading to an amicable industrial relations climate and commitment. Organisational commitment has been defined as the “binding of an individual to an organisation” (Gordon et al 1980) and is seen as involving an identification with the organisation values and goals, a willingness to exert effort on behalf of the organisation and a desire to remain as a member of the organisation (Monday et al 1982). In general, the commitment research tells us that where the industrial relations climate is perceived by employees as being positive – based on cooperation, mutual respect and trust – then they

may be more likely to be highly committed to the organisation and to the union, so that both may gain from building a cooperative climate (Snape et al 2000).

We should however not be oblivious of the fact that the industrial relations climate will obviously be affected by a number of factors. The policies and actions of union officials, managers and other decision makers are important (Deery 1999). Gordon and Ladd (1990) point out that union and management officials are instrumental in establishing the tone of contract negotiations and the willingness to employ a joint problem-solving approach to grievance resolution. Where management, for example, uses its power to limit the subjects of bargaining and to extend unilateral control over the labour process, it is likely that unions and employees will be less inclined to take a cooperative approach to the resolution of conflict. Alternatively, where unions and employees are integrated into the decision making process, a climate of goodwill and trust is more likely to emerge (Belman 1992; Deery et al 1999).

It is also important to remember that the need for cooperation between management and employees does not completely rule out conflicts among those parties. As pointed out by Becon and Blyton (1999), the issue of the respective presence of cooperation and conflict in Union-management relations is a long standing one. The employment relationship encapsulates both convergent and divergent interests, with the result that, in practice, relations between the industrial relations parties contain elements of both conflict and cooperation. The positives and negatives of conflicts at workplaces are well summarised by Dunlop (in Kaufman 2002) when he states that:

*"I do not object to conflict or tension in a relationship. They can create an uncomfortable situation, but they also compel the parties to focus on questions or problems that they would otherwise not do. Conflict also motivates the parties to work toward a solution to their problems. Out of conflict can come creative solutions that make both sides better off, or at least an agreement that both can live with and continue on in their relationship. But, on the other hand, conflict and tension can be carried to excess and the relationship can become dysfunctional. So the important thing is to express and channel conflict in ways that get the problems dealt with in a constructive manner".*

#### **Current Status of Trade Unionism**

The above discussion has addressed issues relating to industrial relations and its relationship to organisational performance. We have reviewed literature which support the fact that a well established industrial relations system which is actively supported by the relevant social partners (i.e. government, employers and trade unions) enhances productivity through building an industrial climate which culminates into organisational commitment. Our

discussion on industrial relations would however be incomplete if the current global trend in industrial relations and specifically trade unionism is not addressed.

Despite the benefits derived from industrial relations, recent decades have seen profound changes in the political and economic environment which have a negative effect on the position and influence of trade unions and indeed industrial relations (Jose 2000). The ILO 1997/98 World Labour Report provides a comprehensive assessment of trends and challenges facing workers and their trade unions in both developed and developing countries around the world. It concludes that globalisation and technological advances are challenging the whole concept of industrial relations and social partners, that the role and relevance of trade unions must be redefined, and social contracts for bipartite and tripartite relations negotiated (Wong 2000). There have been a global decline in union membership since the 1980s. For example in the United States, union membership decreased from 22 to 16 percent of the workforce between 1980 and 1990 and which trend has continued. Declines were even more pronounced in Austria, Holland, Italy, New Zealand, Portugal, Spain and the UK where union density rates dropped more than 10 percent of the workforce over the same period (Wood and Harcourt 1998). The ILO 1997/98 report says that in 1995, roughly 164 million of the world's estimated workforce of 1.3 billion belonged to trade unions. In only 14 of the 92 countries surveyed, did the union membership rate exceed 50 percent of the national workforce. However, the report also says that in spite of the negative trends, the drop in the union members has not translated into a corresponding drop in influence. In most countries, the report states, trade unions have managed to consolidate their strength in core sectors, enlist constituents in emerging sectors and develop new collective bargaining strategies.

Obviously the declining trend is worrying because the proportion of workers who belong to a union has been the most visible symbol of union strength. And as pointed out by Charson (2002), labour unions are at a crossroad in their history, and it is not yet clear whether the severe drop in membership and bargaining power is irreversible. The trend has accordingly presented unions with what is virtually a survival challenge: to increase their effectiveness (Frankel and Kuruvilla 1999). Naturally, union effectiveness has several dimensions, including administrative efficiency, bargaining capability and the capacity to organise new members. The net result of this is that the capacity of employees to affect their employment conditions appears to have diminished over time (Millward et al 2000) and has led to the claim that trade unions are archaic organisations in which employees have

increasingly lost interest (Ackers 1994). For example, Hyman (1997) states that in Britain, the decline in union membership and in the coverage of collective bargaining has meant that "single channel" is increasingly one established and dominated by the employer, with no independent representation of workers' interests. A logic of collective representation based on workers' "spontaneous" will to associate and if necessary deploy their "industrial muscle" no longer matches the realities of labour markets pervaded by insecurity and a restructured workforce. And to worsen the situation, where trade unions are still recognised for purposes of representation and collective bargaining, they are increasingly bypassed when significant changes are introduced (Bacon 2000). For example the 1998 Workplace Employee Relations Survey (WERS, 1998) in UK indicates that managers in less than one-third of workplaces with recognised unions had consulted them over the most significant changes introduced at the workplace during the previous five years (Cully et al 1998).

The International Confederation of Free Trade Unions (ICFTU 2001) believes that the decline in trade unions is a result of a repression which remains a global concern as governments and employers try to gain a competitive advantage by undermining the right of workers to form and join unions of their choice. The World Bank and IMF are also viewed as responsible for the violation of trade unions rights in Africa, for instance through the effects of their policies on collective bargaining, labour laws, employment and downgrading of labour departments (Ochieng 2000). Similarly, as noted by Henk (1999), privatisation of large public sectors has frequently led to serious erosion of the labour movement while the growth of underemployment and unemployment did little to allow for the enhancement of bargaining power. Furthermore, downsizing and retrenchment in the public sector have hit hard at the core sectors with which trade unions felt most immediately associated. In addition as Jose (2000) observed, the structural changes in the composition of the labour force worldwide has also contributed to the unions' decline. This is because the skill composition of workers is changing and they are increasingly differentiated by their competence. At the higher end of the scale, workers tend to be better educated, career minded, individualistic, and less motivated by class interests and solidarity.

### ***The Future of Industrial Relations***

One of the areas of concern to human resources (HR) professionals involves the necessity to revamp industrial relations (Wright and Rudolf 1994). While not a new issue the dynamics and strategies involved in the industrial relations of this 21<sup>st</sup> century both from the point of view of management and labour, are clearly different from the past, where confrontation

was the norm. Changes in the economic and political climate, international events, and other macro variables, in combination with the changing workforce and associated issues have a major impact on industrial relations. As argued by Jose (2000) trade unions have been important institutions of industrial society; they have helped to deliver significant outcomes in terms of improved standards, equity and justice to workers all over the world. However, today unions face a situation marked by the universal trend towards greater liberalisation of economic and political regimes. As argued by Hyman (1999) the economic environment has become far harsher. Global competition has intensified, putting new pressures on national industrial relations regimes.

Even the industrialised market economies which had enjoyed several decades of relatively full employment have since experienced a return to mass unemployment with all attendant effects on the industrial relations systems. The other challenge comes from employers. In some countries there has been a growing unwillingness to accept trade unions as collective representatives of employees (Hyman 1999) in others while collective bargaining has survived its scope has been reduced and managements have established new forms of direct communication with employees as individuals (ILO 1997). The fashion of team working has introduced new mechanisms of collective decision-making which in many countries are detached both from trade union structures and from statutory institutions of workplace representation (Kaufman 2001). Obviously this changing environment requires new approaches and strategies on the part of unions and employers if they are to remain major social actors contributing to the future dynamic and equitable growth.

In spite of the traditional scepticism of both sides of industry to cooperation particularly with the tendency in unions to view consensual labour management relations as breeding cooptation and the danger of ultimate destruction of organised labour, there are changing views, on both sides in favour of co-operation (Tayo Fashoyin 1995) which will result into a viable and conducive industrial relations environment at workplaces. The trend towards greater cooperation has emerged by the realisation, on both sides that prevailing economic conditions necessitate a new approach to labour relations in which both sides see themselves as stakeholders in the business (ILO 2001). If the business succeeds, it will be to the benefit of both the investors and the workers. If, on the other hand it fails, both will be directly affected. In other words the health of the organisation is important to both the workers managers and investors. Prokopenko and North (1997) are convinced that productivity improvement through industrial relations calls for a different forms of labour-



management through industrial relations calls for a different form of labour-management relationship, in which the usual conflict –oriented adversarial kind is replaced by cooperation and collaboration. The objective of such relations is not merely the maintenance of working relationships but the achievement of cost-effective productivity on a continuing basis (Powell 1991). For this purpose, management and unions need to create a permanent structure for ensuring co-operative and collaborative relations-a structure where both sides work together towards a common goal. Such a structure could be a joint negotiating committee or a joint labour-management system. This responsibility to develop industrial relations that facilitate productivity improvement lies squarely on both management and unions. However, the point must be emphasized that cooperation between workers and management does not amount to abandoning the workers' cause or interest. Rather it is a relationship designed to create an attitude of identification with organisational goals and a commitment towards achieving those goals. This presupposes as suggested by Tayo Fashoyin (1995) that in order for workers to identify with corporate goals, the goals must be properly defined, discussed and set out as explicitly as possible, as well as the workers' role individually and collectively in the attainment of those goals.

On the other hand, however, it is important to understand that the management-union partnership does not mean the loss of identity of either party. As Milinski (1998) points out, there will always be "union" and "management" roles. Some managers come to believe (or perhaps hope?) that the labour-management partnership will ultimately result in the end of "union problems" or that the need for a union will go away. This is not likely to be the case. There will continue to be issues that the union and management will not be able to agree upon or which may not be appropriate for labour –management cooperation. For example, grievances will not go away. There will still be discipline problems, difficult contract negotiations, and other issues that come up. Of course, just because the parties do not agree on an issue does not mean that labour-management cooperation is dead. The leadership from both sides need to quickly respond that union and management will not always agree, conflict is natural, and traditional labour relations issues and partnership efforts should remain separate (Milinski 1998; Powell 1991; Leat 2001). The modern labour-management co-operation requires mutual recognition and accommodation of the divergent interests of workers and employers; while differences are dealt with equitably and peacefully, in a manner that turns opposition to cooperation (Schregle 1992). We should however not forget that the success of a cooperative relationship is the mitigation of

conflict. Conflict hurts trust and lack of trust precludes risk-taking and progress (Godard and Delawey 2000).

This author shares the same view with Powell (1991) that the implementation of changes to improve performance of enterprise will be inhibited or totally frustrated in many countries unless the systems, procedures and attitudes that underlie the industrial relations process are better understood; and managers are better instructed in an understanding of the problems and issues of industrial relations and their possible resolutions. Industrial relations in particular need to be based on a more pragmatic approach, reflecting the importance of the organisation/employee partnership for business success and the well being of employees (Wright and Rudolf 1994). Trade union representatives and management need to abandon the "management proposes, union opposes" basis on which too many relationships have grown old. Unions and managers need to welcome advances in people management and help to equip people to cope with and benefit from improved relationships. Trade unions need to improve their leadership as well as their organisational ability. In a similar way employers have to accept responsibility for improving their own joint organisations for stabilising industrial relations. Obviously, as the partnership grows, each side will be better able to anticipate the other's needs.

Further, a strong partnership will result in cultural adjustments for each side. For example, as observed by Milinski (1998), management will begin to place less emphasis on rank and chain of command, while the union will begin to give more consideration to productivity and competition. It is extremely important that all levels of management have an open, honest dialogue on the benefits of a partnership between labour and management how roles must change in order for the new cooperative model to succeed. This is because a true labour-management relationship is based on the philosophy of teamwork, cultural changes, trust, free flow of information, removal of organisational barrier, and development of a high performance workplace. The parties concerned should remember that the partnerships long-term goal is to become an accepted way of business. One strategy to accomplish this goal is to institutionalise the labour-management relationship within the organisational structure. Perhaps one of the easiest and most obvious ways to accomplish this is to incorporate the labour-management cooperation into the collective bargaining agreement. The contract provision should outline the partnership structure, the responsibility of the parties and the scope of the partnership. Such relationship was introduced in Uganda by the Industrial

Relations Charter of 1964 and it has since then provided a guide to the industrial relations philosophy in that country.

# CHAPTER THREE

## DATA PRESENTATION, ANALYSIS AND FINDINGS

### Introduction

As reflected in the previous chapter which reviewed literature on human resource management and industrial relations (HRM/IR), the world of work is constantly changing due to both external dynamics like competition and globalization, and internal pressures such as the need to improve efficiency and increase sustainability of organisations. It is clear that the human resources in organizations continue to be the main drivers of those desired outcomes. Human resource practices have increasingly been recognized as the basis of achieving sustained competitive success for firms operating in challenging competitive environments (Pfeffer 1994; Cascio and Bailey 1995). This is largely because the way people in organisations are managed makes a difference and greatly determines the success or failure of these organisations in achieving their goals. Consequently, HR professionals in organizations need to be recognized, empowered and adequately equipped with knowledge and skills to enable them steer their organisations through those challenges. In this connection, and as already stated in the first chapter, this study aimed at obtaining a better understanding of how the value of the human resource/industrial relations (HR/IR) function is perceived in Ugandan organisations. The study attempted to analyse the existing HR/IR knowledge and skills for both HR professionals and the line managers and the role of the HR departments in a sample of enterprises with the view of identifying existing gaps (if any).

The new millennium provides an opportune time for academics to reflect on the past, present and future of the field of human resources management. And as suggested by Dyer (1999) human resource practitioners and educators, must assess whether organisations are meeting the needs of this rapidly changing profession. The present research was guided by a number of research questions:

- (i) How is the HR/IR function regarded in the organisations based in Uganda?
- (ii) What role does the HR department play in these organisations?
- (iii) What are the most important skills and knowledge do organisations expect their HR executives to possess?

- (iv) Do the HR executives have those competences?
- (v) Are line managers actively involved in the HR/IR function?
- (vi) What importance do organisations in Uganda attach to training and industrial relations?

Obviously, the answers to those questions have important implications for both practitioners and educators. As for the educators like the Uganda Management Institute (UMI), the results of this study provide several implications for the design and the delivery of HR/IR educational programmes. This chapter therefore discusses the results of the data analysis and highlights the main findings of the study according to the study objectives and in line with the literature reviewed.

### **A Brief Outline on Methodology**

The detailed research methodology for this study has been discussed in the first chapter. As a recapitulation however, the author deems it appropriate to make a brief outline of the research methods deployed and the sample of respondents who supported the study.

The research utilized two major data collection methods: (i) questionnaires and (ii) key informant interviews which instruments made the survey to be both quantitative and qualitative. The questionnaire was administered to 70 human resource (HR) managers, 40 line managers solicited from various enterprises in Uganda and 30 trade union officials from the Unions affiliated to the National Organisation of Trade Unions (NOTU). This led to a total of 140 potential respondents who received the questionnaire. The sample respondents was composed of people who were considered to be reasonably knowledgeable in matters relating to the HR/IR function and could therefore provide fairly dependable responses. Out of the 140 potential questionnaire respondents, the survey received response from 84 respondents which gave an overall response rate of 59 percent as shown in Table 3.1. Similar studies undertaken in the United States by Schuster (1986), Delancy et.al(1989) and Huselid (1995) had a response of 16, 6.4 and 29 percent respectively. Therefore the response rate obtained in this study compares very favourably with the earlier studies undertaken in the field.

**Table 3.1: Distribution of Numbers in Sample and Respondents by Occupation**

<b>Occupation</b>	<b>Number in Sample</b>	<b>Number of Respondents</b>	<b>% Respondents to Sample</b>
HR Managers	70	42	60
Line Managers	40	26	65
Union officials	30	16	53
<b>Total</b>	<b>140</b>	<b>84</b>	<b>59.3</b>

The data in Table 3.1 makes one significant revelation about the problems of undertaking research in developing countries like Uganda. As explained in the first Chapter, the line managers were all undertaking a management seminar at the Uganda Management Institute at the time the questionnaire was administered. They were all requested to return the questionnaires to the researcher before they departed for their respective homes at the end of the seminar. In the circumstances, one would have expected almost 100 percent response from such a group but only 65 percent of the participants the majority of whom were from the public sector, managed to return the questionnaires duly completed, which reflects elements of lack of interest and seriousness for research work among some managers in the private sector.

Those who were interviewed included seven (7) Chief Executive Officers (CEOs) all of whom were members of the Federation of Uganda Employers and eight (8) top officials of the National Organisation of Trade Unions (NOTU) which is the apex workers organization to which all trade unions in Uganda are affiliated. In addition, of the HR managers and line managers who received the questionnaire, the author purposively selected and interviewed 30 of them so as to obtain further clarifications on some issues which were not necessarily contained in the questionnaire and at times to validate the data collected through the questionnaires. The selection of HR and line managers interviewed was based on the period of employment one has served. Those who had been in employment for ten years or more were considered to have acquired the necessary experience in the field and were therefore likely to provide dependable responses.

The questionnaire respondents were requested to complete the questionnaire which was anonymous. It consisted of six sections, a majority of which had their answers predetermined so as to make it easier for the respondents and also ease the data analysis

process. On the other hand, the interview guide used during the individual interviews contained open-ended questions about the respondent's perceptions of the added value of the HR function in their respective organizations (see Appendix 2). A first part consisted of questions asking subjects to describe how the HR/IR function is regarded in their organizations and how they saw the added value of HR roles such as designing HR strategies and programmes, motivating employees and training needs identification. They were asked to describe the contribution each of these roles made to their organizations and to comment on how much each of them was valued within the organization. Questions were formulated as follows:

"How would you describe the contribution that the HR department makes to the strategic planning of your organization?".

Other questions were of a general nature about the added value of the HR function –

"How would you describe the added value of the HR function in your organization?"

"What are the main domains in which the HR function delivers value?"

The data obtained from the respondents was edited and open-ended questions coded. Data entry screen was developed in SPSS (Statistical Package for Social Scientists) computer package. The data was then entered, cleaned and analysed. Thereafter, frequencies, percentages, summaries and cross tabulations were generated. Data obtained from interviews were analysed in three phases. First, all interviews were typed and/or transcribed. Secondly, for each question a qualitative analysis of the answers were carried out. And lastly, results from these analyses were compared.

### **Some Facts About the Respondents**

Before the responses which were disclosed in the questionnaires are examined, it is necessary to get a clear picture of the respondents. This would include their sex, educational standards, qualifications in HRM, age, the periods they had been in employment and the sectors where their respective organizations fell.

### *Gender*

Table 3.2 below summarises the gender composition of the respondents:

**Table 3.2: Gender Composition**

<b>Sex</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Female	39	46
Male	45	54
<b>Total</b>	<b>84</b>	<b>100</b>

As indicated in the above table, there were 39 (46%) female and 45 (54%) male respondents who answered the questionnaire. The difference between the two categories of respondents was only 6 (8%). These are revealing results as far as female managers are concerned. While two decades ago, managerial positions in Uganda were predominantly occupied by men, the above results show that women are now fast catching up with men in competing for those positions. This is partly explained by the current government policy of giving priority to girl-child education which has led to many women graduating from Universities and therefore making it possible for them to compete for managerial jobs which were previously a preserve of men.

### *Education*

As shown in Table 3.3, the majority of the respondents had university degrees. The results indicate that 76 (91%) of the respondents had completed university education and obtained degrees at various levels. For example 46 (55%) of the respondents had Bachelors degrees, 25 (30%) held Masters degrees while 5 (6%) had obtained Master of Business Administration (MBA) degrees. Of all the respondents, only 7 (8%) had not qualified for University degrees. These results therefore reveal that organizations are now interested in recruiting university graduates to their managerial positions. And as one respondent explained to the author, this is because university graduates are considered to be more dependable and easier to train. The few non-degree holders (8%) consisted of the long-service employees who had risen through the ranks to the current managerial positions they occupied.



**Table 3.3: Level of Education Achieved by Respondents**

Highest Level of Education	Respondents Achieving This Level	Percentage
Post Primary	2	2
Bachelor's Degree	46	55
Master's Degree	25	30
MBA	5	6
Other	5	6
<b>Total</b>	<b>83</b>	<b>100</b>

Furthermore, respondents were asked to indicate whether they had any qualifications in human resource management (HRM). Such HRM qualifications could range from certificates to diplomas. Their responses revealed that 56 (67%) had such qualifications while 28 (33%) did not have any. This finding is significant in that for one to get an HR job he/she must have some extra relevant qualifications in that discipline. It therefore suggests that all those who aspire to become HR managers will look for training opportunities from institutions like the Uganda Management Institution (UMI) which offer such training.

#### *Age*

The respondents were fairly young. As shown in Table 3.4, 70 percent were under 40 years and only 30 percent were above the age of 40.

**Table 3.4: Respondents Age Structure**

Age (Years)	Number of Respondents	Percentage
25 years and under	2	2
26-30 years	21	25
31-40 years	36	43
Over 40 years	25	30
<b>Total</b>	<b>84</b>	<b>100</b>

The age structure outlined in the above table has implications as far as training and development is concerned. It suggests that the managers who are fairly young are more likely to be involved in continuous personal development (CPD). In the prevailing

competitive environment, they will always aspire to obtain further training and qualifications in order to remain competitive. It therefore follows that training institutions need to capture that potential market by ensuring that they provide training programmes which meet the market demands.

#### ***Employment Period***

A large percentage of the respondents had been working for a good number of years. As illustrated in Table 3.5, 75 percent of the respondents had served for a period ranging between 6 and 16 years and above. This period is considered long enough to have acquired working experience. It can therefore be taken that the majority of respondents were men and women of recognizable experience in their respective organizations and whose responses about the HR function in their firms could be reasonably depended upon.

**Table 3.5: Distribution of Respondents by Number of Years in Employment**

<b>Number of Years in Employment</b>	<b>Number of Respondents</b>	<b>Percentage</b>
5 Years and Under	21	25
6-15 Years	45	54
16 Years and above	18	21
<b>Total</b>	<b>84</b>	<b>100</b>

#### ***Organisational Sectors***

Respondents were requested to identify the sectors in which their respective organizations belonged. As outlined in Table 3.6, 45, 33, and 21 percent of the respondents came from government, private and non-Government sectors respectively. The different sectors reveal the nature of a mixed economy which is currently prevailing and encouraged in Uganda. This however has implications for training institutions in that their training packages must address the needs of the respective sectors. In the past, such institutions have tended to provide generic programmes which are not specifically tuned to the needs of a particular sector and/or industry. If such a trend continues, such institutions will be de-marketing themselves and it will be only those institutions providing the relevant programmes which will remain competitive.

**Table 3.6: Respondents Organisational Sectors**

<b>Sector</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Government	37	45
Private	27	33
Non-Government(NGO)	18	21
<b>Total</b>	<b>82</b>	<b>100</b>

*Organisational Sizes***Table 3.7: Sampled Organisations By Employment Size**

<b>Labour Force</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Less than 50 Employees	8	10
51-100 Employees	19	23
101-500 Employees	40	48
Over 500 Employees	17	20
<b>Total</b>	<b>84</b>	<b>100</b>

As outlined in Table 3.7 above, respondents were under question No.3 of the questionnaire requested to indicate the sizes of their organizations in terms of the total labour force employed. Results indicate that 57 (68%) of the respondents came from firms which employed between 101 and 500 and over workers. This suggests that the majority of respondents came from large organizations which were by virtue of their sizes expected to recognize the importance of the HR function and also have in place an effective HR department to steer the organizational HR strategy. These particular sizes also could provide an indication of a potential clientele that might require training in various managerial disciplines. Furthermore, the majority of respondents (75%) came from organizations which were Ugandan owned while the rest (25%) worked in foreign-owned firms. Owners of the foreign firms were mainly from USA, South Africa, Britain and India.

**Perceiving the Human Resource**

In view of both the increasing importance of an organisation's human resources in today's competitive environment (Wright et al 2001), the study reveals some interesting insights

regarding the perceived effectiveness of HR within our set of firms. While some results at first glance seem disheartening for HR executives, the author believes that they are quite promising. This is largely because the study demonstrates that top and HR executives believe that a number of HR activities are crucial to the organisation's competitive advantage. This is in contrast with the Mercer European HR Transformation research (2006) whose findings revealed that nearly 60 per cent of finance executives still view HR as a cost rather than a strategic partner; and 80 per cent of HR leaders believed that the function was not credited with delivering any value to organizational performance.

The general infrastructural environment in Uganda suggests the positive support the HR function is accorded and consequently many enterprises have recognized its importance. According to the Executive Director of the Federation of Uganda Employers (FUE), all their member-organizations which exceed 150 enterprises practise HRM. The Federation has also since 2001 put up a prestigious "Employer of the Year Award" (EYA) whose main objective is to promote the best practices in HRM and development among employers in Uganda. According to the FUE Chairman in his new year message of 2003, one of the major challenges that FUE has to surmount is:

*"Giving priority to human resource management and development and encouraging employers to adopt recommended statements of best practices with a view to improving productivity of enterprises and the quality of work life in Uganda"*

Against the above outlined conducive environment set by the Federation of Uganda Employers (FUE) for the HR function in Uganda, the following fourth question in the questionnaire was used as an index of how the HR function is perceived in the respondents' organizations: *How is the HR/IR function regarded within your organization by the managers and supervisors?* The answers included "Very highly", "Highly", "Moderate", "Insignificant" and "Not sure". The distribution of the respondents in terms of their responses to the question is shown in Table 3.8.

**Table 3.8: Regard for HR Function in Organisations**

Level of Perception	Number of Respondents	Percentage
Very Highly	18	22
Highly	37	45
Moderate	26	31
Insignificant	02	02
Not sure	-	-
<b>Total</b>	<b>83</b>	<b>100</b>

As the data in Table 3.8 above shows, a high percentage of respondents acknowledged a high degree of HR regard by managers and supervisors. Those who indicated whether the HR/IR function was “Very highly” or “Highly” regarded constituted 67 percent. Of the remaining respondents, 31 percent indicated a feeling of “Moderate” response. As mentioned earlier, the above results could be taken to be both exciting and disappointing. It is exciting because the majority of the respondents 55 (67%) ranked the HR function in their organizations very highly. But disappointing because the 31 percent respondents who felt that the HR function was moderately regarded is not a simple percentage when one considers the role of the HR function in the organizational competitiveness. Furthermore, the study revealed that this “moderate” response was significantly noticed among respondents from the private and NGO sectors. This implies that public organisations give more recognition to the HR function and appreciate its contribution to organisational success.

During the interview phase of the study, HR executives, CEOs, Federation of Uganda Employers (FUE) officials and trade Unionists expressed a general feeling that the HR function was well regarded in their respective organizations. But at the same time, they pointed out some weakness which at times negatively affected the function. The following were some of the common responses from the HR executives when asked about the importance of the HR function and how it was perceived in their enterprises:

*“Our organization recognizes the importance of the HR function. We believe that HR practices play fundamental roles in:*

- (i) *building critical organizational capabilities.*
- (ii) *Enhancing employee satisfaction; and*
- (iii) *Improving customer and shareholder satisfaction”.*

*“We value the contribution of our staff which contribution is enhanced by the HR function”.*

*“HR practices definitely make a difference in business results, especially the use of HR practices that build employee commitment”.*

*“HR practices are critical in determining the market value of a firm and improvements in these practices can lead to significant increases in the market value of the organization”.*

Similarly, the chief executives (CEOs) who were interviewed saw HR's role as essentially one of providing support to enable the organization to achieve its objectives. Their common reactions to the HR function is represented by the following statements:

*“If you want the firm to be successful it is imperative to look at people as the greatest asset. Our enterprises now believe in the fact that we depend on the knowledge, competence and attitudes of our staff at all levels. Therefore in our company, human resources strategy is no longer the preserve of a single function but an integral part of a single function of the management process with responsibility at all levels including the boardroom”.*

*“The search for strategic business focus demands greater clarity of HR focus. HR practices play the key role in our growth strategy”.*

*“Company value and therefore shareholder value can suffer when human capital is mismanaged”.*

*“Our HR manager is now a member of the senior management team because we realize that unless he gives us the HR focus we might not succeed in our corporate strategy”.*

*“Human beings are prime among all assets and are the most difficult to select, recruit and develop. They therefore need to be properly managed”?*

Responses from trade union officials were not any different from those of the CEOs and HR executives. They emphasized the HR value in the sustainability and success of enterprises. The following responses from the National Organisation of Trade Unions (NOTU) officials display the employees' feelings about the HR function:

*“Human resource development will continue to hold the key for enterprise competitiveness and in many cases for the very survival of enterprises especially small and medium enterprises (SMEs). Unless enterprises and organizations in Uganda adjust their attitudes towards people and begin to value people*

*as their greatest assets, invest and develop them, such enterprises will remain marginalized in global markets”.*

*“The time is past, for enterprises to broaden their focus from bricks, mortar and shillings or dollars to the human capital that will keep them thriving”.*

The overall impression one gets from the above comments by the interviewed respondents is that the HR role as a strategic partner (Ulrich 1998, 2005) is gradually taking shape among the Uganda organizations. However, while the majority of the interviewees were convinced about the positive role HR can play in the organizational competitiveness, there was consensus that in a number of organizations, the HR function needed to be redesigned to operate as a business partner and become strategically proactive. Their general feelings about the need for HRM to become more strategic are reflected from the responses that follow. Some of the HR executives had this to say:

*“Most Ugandan firms have in the past practiced personnel management. They had personnel managers in many cases. Those executives are referred to as ‘HR Managers’. I am not very sure whether they are practicing HRM or personnel management.”*

*“In order to become a business and strategic partner, HR function must go beyond developing administrative systems and practices and delivering HR services to ensuring that the firm's human resources have the needed competences and are motivated to perform effectively”.*

*“We are criticized about our lack of understanding or involvement in business strategy. I agree that to work in the field of strategic HR and then ignore the importance of business planning is a waste of time. Therefore in order to make a difference, HR professionals must recognize that those are clear development needs”.*

One of the interviewed CEOs blamed their HR executives for not being dynamic enough in providing the strategic HR focus to their enterprises. His general view was that the HR managers did not have the necessary competences to steer the HR strategy. His views are represented in the following quotation:

*“My view is that few HR executives can't explain, in economic terms, how the firm's employees can provide sustainable competitive advantage and the role the HR function plays in this process. Consequently, many HR executives fail to direct the HR activities towards developing characteristics of the firm's resources that can be a source of sustainable competitive advantage”.*

Interestingly, another CEO did not spare all managers (including himself) in blaming them for failing to manage employees properly which quite often led organizations not to achieve

their goals. He thought that managers were generally ignorant of what made an employee tick in performance. The following are his views:

*I believe that a major obstacle in managing human resources lies in our ignorance of the underlying processes. What motivates an employee to be both creative and productive on the job – or even to come to work. What motivates an employee to seek another job? What will result from certain kinds of hiring, training, pay, and promotion policies? We can no longer rely on the fear of mass unemployment in Uganda to render these questions unimportant”.*

A trade union official almost shared similar sentiments as the above CEO when he stated that:

*“Traditionally, human resources have been viewed by employers as a cost to be minimized and a potential source of efficiency gains. Very rarely have HR decisions been considered a source of value creation”.*

In terms of the first research question on how the HR/IR function is regarded in Ugandan organizations, the above findings reveal that respondents recognize the importance and effectiveness of HR in organizational competitiveness. HRM, in this scenario, is perceived as being deployed as one of a range of tools used to create, reinforce and sustain organizational success. There are indications however that in a number of organizations the HR function is not as dynamic as it should have been. The function needs to be more strategic, proactive and become a business partner. And in order for this to happen, HR executives as well as other line managers must each appreciate the value of HR and accordingly develop the appropriate competences in managing this very important asset to organizations. Although the study reveals that both CEOs and HR executives in Uganda are eager to see the HR function becoming more strategic than it is now, we should not overlook Ulrich's (1998) HR model that while the HR function must have a strategic role, it should at the same time play roles in areas of administrative expert and employee champion. Furthermore, the weaknesses of the HR function which have been expressed by the respondents who included both HR executives, CEOs and trade unions officials is an eye opener to management education institutions such as UMI for them to ensure that they develop training programmes which address these weaknesses. Such weaknesses include: lack of understanding of the business strategy by HR officials; being more of personnel managers than HR managers; and a general lack of functional expertise and understanding the connectedness of the different parts of the management function.



## **The Human Resource (HR) Department**

As discussed under the second chapter which reviewed literature, much has been written about the “new HR manager” and the role he or she will play in organizations (Dyer 1999; Kemske 1998; Giannantonio and Hurley 2002). There is ample evidence that the role of HR departments has changed over the last half of the century (Kaufman 1996). The evolution of the HR/IR department’s role has included keeping records, advocating employees’ rights, ensuring legal compliance, facilitating change, and partnering strategically with top management (Kaufman 1996). Furthermore, the pace of change in modern organizations as stated by Kelly and Gennard (1996), has given continuous opportunities for HR managers as management team and sometimes as board members to contribute positively to the formulation of business strategy.

Accordingly, the second research question for this study sought to investigate the role the HR departments play in Ugandan organizations. Current perspectives suggest that the HR department is responsible for providing advice and counsel, engaging in service activities, policy formulation and implementation and employee advocacy (Sharman et al 1998). In this particular study, several questions were included in the questionnaire and validated during interviews to test the respondents’ attitudes on how the department was perceived and whether it worked very closely with the senior management team on the key organizational strategic issues. Respondents were also required to indicate whether their HR department could be categorized as being effective. They were in addition requested to identify and rank what they considered to be the most important roles of the HR department.

Question No.4b of the questionnaire whose aim was to find out whether the HR department was respected, requested respondents to comment on a statement: *“My HR department is viewed as an important department of the organization”*. The comments provided in the questionnaire ranged from “Strongly agree” to “Strongly disagree” and “Undecided”.

**Table 3.9: Respondents' Comments Whether HR Department is Respected**

<b>Opinion Comment</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Strongly agree	27	32
Agree	51	61
Disagree	03	04
Strongly Disagree	02	02
Undecided	01	01
<b>Total</b>	<b>84</b>	<b>100</b>

The attitudes reflected in Table 3.9 show that the majority of respondents felt that the HR department was viewed as an important department in their organization. This is indicated by the fact that 93 percent of the respondents agreed to the statement, and of those 32 percent strongly agreed to it. Only 6 percent disagreed and merely 1 percent were undecided.

The results derived from the interviews on the importance of the HR department consolidated the data in Table3.9. For example one of the CEO respondents commented:

*"For sure, I respect our HR department. It may have its own weaknesses or problems but the department is important for our progress and survival in business."*

Similarly, another top executive in one of the respondent enterprises assured the author that his company fully recognized the contribution of the HR department and that they were determined to restructure it with the aim of making it more efficient and effective. He emphasized that:

*"As part of the restructuring and repositioning of the HR function, our company is redefining the role of the HR department so that it can contribute directly to business performance. The department's role is being redefined to increase emphasis on work with management to lead our people through the rapid business change. Our view is that this department is extremely useful".*

One of the HR managers who were interviewed effectively represented the common feelings of the rest of his interviewed professional colleagues when he made the following observation:

*"Many managers and workers now understand or fully accept the importance of the HR department and its roles. They now realize and agree that the HR department can contribute as a strategic business partner. We are certainly encouraged by this positive development".*

Another question (No. 4 (b) ii) asked the respondents to comment on whether the HR department worked very closely with the senior management team on key strategic issues facing the organization. This was felt to be a good index to test the distance (if any) between the HR department and top management. Favourable attitudes were taken to mean that the HR executives were considered as strategic partners who would contribute to the organisation's strategic focus. Unfavourable results would obviously mean that the department is isolated when it comes to considering organizational strategic issues and this would be contrary to what Zarcone (2002) believes that the primary function of a modern HR department should be to advise managers on matters of organizational development and strategic planning.

**Table 3.10: Respondents' Views on Whether HR Department Works Closely With Management**

<b>Opinion Comment</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Strongly Agreed	27	32
Agreed	47	56
Disagree	07	08
Strongly Disagree	03	04
<b>Total</b>	<b>84</b>	<b>100</b>

The data in Table 3.10 clearly reveals that the HR departments work closely with top management. This is important, in that by so doing, the HR department and its executives are not isolated and can therefore, if competent, provide the necessary advice to the top management team. It is however possible that although HR managers could be close to top managers, their level of involvement would partly depend on their expertise to provide strategic advice and partly whether top executives were eager to listen to them and take their advice. Of the total respondents, 88 percent indicated that the HR department worked closely with the senior managers, and of these 32 percent strongly agreed that that was the case. Only 12 percent of the respondents indicated that the HR department had problems in working closely with top management. The data in tables 3.9 and 3.10 is significant in that the HR department is recognized as being important and that the HR executives are not isolated from the top managers of those organizations.

This data was further strengthened by the interview results. On the need for the HR department and the top management to work together, several CEOs commented as follows:

*"In order to be a strategic partner, the HR function has to be close to the business and the management team. Indeed it is hard to imagine how HR can be a truly strategic partner unless the HR department is close enough to understand the business and attend every meetings and events."*

*"We involve the HR people in all our major business strategies because we believe that the people factor is fundamental to our success".*

*"As a CEO, I would be contributing to my own downfall and that of the company if I deliberately kept the HR manager in the back-seat. Go and ask anyone in this company and I am sure they will confirm that I respect the role and contribution of the HR department."*

*"All my heads of department are extremely useful towards the achievement of our strategic vision and goals. And of course the HR manager is among the pillars."*

*"Today's HR departments need to be ready to provide the best advice and information at the highest corporate level".*

All the HR managers interviewed strongly agreed that the HR department and top management should always be in a close relationship. Their views are represented by the sampled quotations:

*"HR must not sit in isolation from the rest of the organization. We have traditionally played an administrative role but must become more strategically aligned and connected."*

*"HR professionals need to engage more with line management. We have to learn to speak the language of our line managers in addition to our professional language."*

*"A traditional HR department is not adequate for the future, even if it contributes ideas to strategy formation".*

*"If HR managers are full partners in strategic decision making, they are in a better position to craft HR practices that elicit employee behaviour supportive of the organisation's strategy".*

It is worth noting that of the 74 (88%) who indicated in Table 3.10 that the HR department worked closely with senior managers, 37 (44%) came from government, 27 (32%) from the private sector and 10 (12%) from the NGOs as shown in Table 3.10 (b).

**Table 3.10 (b): Sectoral Responses on HR Department**

<b>Sector/Comment</b>	<b>Strongly Agree or Agree</b>	<b>Strongly Disagree or Disagree</b>
Government	37 (44%)	00 (00%)
Private	27 (32%)	00 (00%)
NGO	10 (12%)	08 (10%)

When results of Table 3.10 (b) were cross-tabulated with Table 3.6 (Respondents Organisational Sectors) it was discovered that all the 37 government and 27 private sector respondents agreed that their organisations' HR departments worked closely with their senior managers. The noticeable variance was with the NGOs where 10 (12%) respondents agreed and 08 (10%) either disagreed or strongly disagreed that their HR departments and senior managers worked closely. This suggests that while the government and private sectors have accepted the importance of the HR department, some NGOs are yet to recognize the important role of that department. It is even very likely that some NGOs do not have an established HR department because of their relatively small workforce.

Although the results in Table 3.10 indicate that generally the HR departments worked closely with management, it was felt necessary to investigate at which level of the organisation is the HR/IR department involved. As Carring (1997) pointed out, in recent years HR managers and their departments have been counseled to look beyond day-to-day tasks to find ways their departments can support the development and implementation of organizational strategy. This therefore requires the HR department to position itself for the complex and constantly shifting environment of the future. It is however, possible that instead of being involved in organizational strategic issues, HR departments continue to be operational by handling day-to-day personnel issues only. Accordingly, a question (No. 4 c) was included in the questionnaire requesting the respondents to indicate the level at which their HR/IR departments were involved. The results are outlined in Table 3.11 below:

**Table 3.11: Level of HR Department Involvement**

Level	Number of Respondents	Percentage
Handling day-to-day personnel issues (operational)	15	18
Mainly day-to-day issues but some strategic involvement	44	54
Mainly involved to organization strategic plans	14	17
I can not tell	09	11
<b>Total</b>	<b>82</b>	<b>100</b>

The data in Table 3.11 show that 72 percent of the respondents thought that their HR departments were mainly involved in day-to-day personnel issues with little strategic involvement. It was only 17 percent of the respondents who felt that their HR departments were involved in organizational strategic plans while the remaining 11 percent were not even sure of the department's level of involvement. This therefore suggests that HR departments in Uganda still remain focused largely on administering programmes and controlling costs. The transactions handled by many HR departments are still mostly routine and possibly trivial amounting to an expensive use of the HR department's own human resources. The subsequent interviews held by the author revealed that this mainly applied to the private small and medium enterprises (SMEs) owned by foreign investors. However it is significant to note that all the 9 (11%) respondents who selected "I cannot tell" as their answer, came from NGOs. This therefore confirms the findings in Table 3.10 (b) which revealed that little importance was attached to the HR department by the NGOs. This finding tallies with Tompkins (2002) who wrote that although examples of strategic partnerships are increasingly heralded in professional journals and at management conferences, many jurisdictions do not include HR professionals in strategic deliberations.

Although the data presented in Table 3.11 indicates that the majority of the respondents felt that their HR departments were largely operational, these same respondents were interestingly able to rank what they considered to be the most important HR roles. Respondents were given a list of HR roles (under question No. 4 (e) of the questionnaire) and were then requested to identify those roles they considered either most important, important or least important. As indicated in Table 3.12, the roles which had the highest

frequencies are those one would consider to be strategic roles which suggests that executives in Ugandan enterprises are aware of the HR strategic roles their HR departments should exercise although in reality this is not what is currently practiced in their organisations. With this awareness, one can reasonably predict an on-going evolutionary strategic HR approach but this will largely depend on whether employers will provide the necessary scope to do so. It will also partly depend on the kind of training which HR executives and line managers obtain. Any training in the management education institutions such as Ugnada Management Institute which emphasises the modern role of the HR function is likely to influence their perceptions on the HR function in a successful enterprise. This therefore has an implication on the curricula which management development institutions must develop and adopt.

**Table 3.12: Respondents' Ranking of HR Roles**

Roles		Most Important		Important		Least Important	
		No	%	No	%	No	%
1	Organisation change agent	28	37	40	52	9	11
2	Clerical/processing support/personnel records	29	37	40	50	10	13
3	Advocate of employee views	29	37	39	49	11	14
4	Designing HR strategies and programmes	57	69	20	24	5	6
5	Internal consultant on HR/IR	46	55	29	35	7	6
6	Member of executive management team	36	44	33	41	12	15
7	Monitor legal compliance	16	20	39	50	13	30
8	Motivate employees	53	63	19	23	12	14
9	Outsourcing HR programmes	30	37	37	45	15	18
10	Strategic partner with top management	41	52	33	42	5	6
11	Support line management	40	49	34	42	7	8
12	Training needs identification	47	56	26	31	11	13
13	Promotion and carrier development	45	55	23	28	14	17
14	Organising provision of training	43	51	28	34	12	15
15	Pay negotiation	15	19	38	47	28	35
16	Pay structure design	29	36	39	48	13	16

Table 3.12 shows that the HR roles which were selected by more than 50 percent of the respondents as being the most important were:

Designing HR strategies and programmes 69%

Motivate Employees	63%
Training Needs identification	56%
Internal consultation on HR/IR	55%
Promotion and Career Development	55%
Strategic Partner with top management	52%
Organising provision of training	51%

From the above HR roles, one observes that the common denominator among them all is the organizational strategic element. Although the results in Table 3.11 show that the HR departments mainly handled day-to-day personnel issues, it is significant to note that personnel/operational roles received fewer respondents who ranked them as the most important roles. Such roles included: Clerical/processing support/personnel records (37%); advocate of employee views (37%); monitor legal compliance (20%) and pay negotiation (19%). These results further emphasise the fact that while some of the HR departments might at the moment be operational in nature, managers from both the government and private sectors agree that HR roles should be strategic whose ultimate goal is to create strategic value for the organisation. These findings therefore reveal that the importance of the HR departments is appreciated by the majority of stakeholders. However, the minority respondents of 12 percent in Table 3.10 who felt that the HR department is not involved in the organizational strategic issues should not be ignored. It suggests that some organizations do not take their HR departments seriously despite the fact that such departments exist in their organizations. One therefore hopes that if such managers receive the relevant management education on the usefulness and role of the HR function, they would gradually transform their HR departments into strategic partners.

### **HR Skills and Knowledge**

As discussed under the previous chapter, a large body of research has examined HR skills. Kaufman (1996) identified the major changes imparting the field of HR/IR and assessed how these changes influenced the job skills and competences that companies desire. His research suggests that HR/IR professionals will need management and leadership skills; consulting, advising and negotiating skills; analytical skills; quality and organizational change skills; computer and information technology skills; and oral and written communication skills. A similar study of the knowledge and skill base of HR leaders, initiated in 1988 at the University of Michigan, points to five key capability areas: business knowledge, HR functional capability, managing culture, managing change and personnel credibility (Ulrich et



al 1995). Similar competences were identified by the Office of Personnel Management (OPM – USA) as outlined under Table 2.3 in the second chapter of this Fourth Learning Goal.

Accordingly therefore, the third and fourth research questions of this current study sought to investigate the most important skills and knowledge organizations expected their HR executives to possess and whether the HR executives had those competences. This investigation was necessary because competences provide the foundation through which HR professionals can contribute to the success of their organizations. And based on the skills basket developed by Giannantonio and Hurley (2002) respondents were asked to indicate what skills they considered to be either very important, important or least important to HR/IR professionals. Table 3.13 represents how the skills were ranked by the respondents:

**Table 3.13: Respondents' Ranking of the HR Skills**

Skills		Most Important		Important		Least Important	
		No	%	No	%	No	%
1	Management and leadership skills	68	81	14	17	2	2
2	Consulting advising and negotiating skills	50	60	27	32	4	5
3	Analytical or problem solving skills	58	69	25	30	1	1
4	Oral or written communication	49	59	31	38	2	2
5	Decision making skills	66	79	14	17	4	5
6	Change management skills	46	55	32	38	5	7
7	Computer skills	9	11	64	76	11	13
8	Customer care skills	41	49	39	46	4	5
9	Financial skills	9	11	54	35	20	24
10	Organizational skills	38	45	39	46	7	8
11	Research skills	20	24	44	52	18	21
12	Cultural sensitivity skills	27	32	40	50	13	16

The 12 skills previously identified are ranked by their importance to the respondents as shown in Table 3.13. Columns 1 and 2 show the skills which are considered as most important are ranked as follows:

Management and Leadership Skills	81%
Decision Making Skills	79%

Analytical/Problem Solving Skills	69%
Consulting, Advising and Negotiating	60%
Oral and Written Communication	59%
Change Management Skills	55%
Customer Care Skills	49%
Organisational Skills	45%
Cultural Sensitivity Skills	32%
Research Skills	24%
Computer Skills	11%
Financial Skills	11%

As might be expected, the most important skills respondents believe HR employees should possess are people skills which are reflected in areas of management and leadership, decision making, analytical and problem solving skills consulting, advising and negotiating skills and oral and written communication skills. These findings are consistent with the results of Kaufman (1996) and Hansen et al's (1996) studies. Paradoxically, research skills, computer skills and financial skills which are now so highly regarded by teaching institutions show up at the bottom of the respondents' list of needed skills. However when Table 3.3 (Levels of education achieved by respondents) and Table 3.13 (Respondents' ranking of the HR skills) were cross-tabulated, it was revealed that all the respondents who selected computer skills (9 respondents) and research skills (20 respondents) as the most important HR skill for HR/IR professionals, had Masters degrees. This could be explained that since computer and research skills are largely introduced to postgraduate students in most of the African Universities, the respondents who had acquired the two skills were able to see the relevance and importance of ICT and research for a modern a HR professional. Likewise, it can be presumed with reasonable probability that even those respondents without postgraduate qualifications would have possibly selected IT and research among the most important HR skills had they been exposed to them in their University or tertiary education. These results which are consistent with the study by Giannantonio and Hurley (2002) support the stereo type of HR practitioners as "people persons" uncomfortable with numbers or the hard side of business. The results further provide evidence that the confused role of HRM exists in Uganda as it does elsewhere.

Respondents were also asked (in question No.5 (b) of the questionnaire) to rate 14 HR knowledge activities according to how important they perceived them. They were required

to indicate which knowledge activity they considered either most important, important or least important. Table 3.14 represents the results for substantive HR knowledge.

**Table 3.14: Respondents' Ranking of Substantive HR knowledge Activities**

Knowledge Activity		Most Important		Important		Least Important	
		No	%	No	%	No	%
1.	Create a recruitment programme	62	78	15	19	3	4
2	Write a job description	68	81	13	16	3	4
3	Complete a cost-benefit analysis	27	32	44	52	11	13
4	Conduct training programmes	49	59	30	36	4	5
5	Conduct wage survey	38	45	37	44	9	11
6	Develop a performance appraisal	67	80	17	20	-	-
7	Write a strategic plan	43	51	35	42	6	7
8	Design an incentive programme	33	39	43	51	7	8
9	Conducting a needs analysis	50	60	28	33	5	6
10	Conduct a job satisfaction survey	33	40	46	56	3	7
11	Calculate absenteeism/turnover rates	22	27	53	64	7	8
12	Develop an HR information system	52	62	29	35	2	2
13	Engage in HR succession planning	46	55	30	36	7	8
14	Negotiate with unions/handle grievances	20	24	45	54	18	22

Columns 1 and 2 of Table 3.14 indicate how respondents ranked what they perceived to be the most important HR knowledge activity as follows:

Write job description	81%
Develop a performance appraisal instrument	80%
Create a recruitment programme	78%
Develop an HR information system	62%
Conducting a needs analysis	60%
Conducting training programmes	59%
Engage in HR succession planning	55%
Write a strategic plan	51%
Conduct a wage survey	45%

Design an incentive programme	39%
Conduct a job satisfaction survey	39%
Complete a cost/benefit analysis	32%
Calculate absenteeism/labour turnover	27%
Negotiate with unions/handle grievances	24%

Among the highest importance rating given by the respondents were: Write job description, developing a performance appraisal instrument and creating a recruitment programme. The immediate observation one makes about these highest ratings is that all of them are among the traditional activities associated with HR practice. This suggests that the HR function is still perceived from a traditional perspective in most organizations. It is interesting to note that when Table 3.5 (Distribution of respondents by number of years in employment) and Table 3.14 (Respondents' ranking of substantive HR knowledge activities) were cross-tabulated, it was discovered that of the 63 respondents (or 75% of the total respondents) who had served for periods ranging between 6 and 16 years and above, 58 respondents (or 69% of the total respondents) selected "write job descriptions" and "develop performance appraisal instruments" among the top HR knowledge activities. On the other hand, 18 respondents (or 21% of the total respondents) who had 5 years and under of employment experience selected "engage in HR succession planning", "write strategic plan" and conduct a wage survey" among the most important HR knowledge areas for the HR practitioners. This could be interpreted to suggest that those with a long working period had a traditional perspective of the HR function while the young managers are seeing the HR function to be more involving in business than their older colleagues whose training might have largely been personnel management – oriented. This changing trend reflecting the strategic face of the HR function was further observed when strategic activities such as succession planning and writing strategic plans received a middle rating selection of 55 and 51% of the total respondents (see Table 3.14) respectively. Although these HR knowledge areas were not among the top of the selected traditional areas which included: writing job descriptions and developing performance appraisal instruments, it nevertheless reflects a gradual realization in Uganda of the strategic importance of the HR function and the possibility of having a changing attitude over the function by the new entrants in the HR profession which in turn has implications on the curricula of management education institutions such as UMI.

The lowest rated items were: conduct a wage survey, design an incentive programme, conduct a job satisfaction survey, complete a cost/benefit analysis, calculate absenteeism,

and negotiate with unions. It was revealed from interviews that these knowledge activities received low ratings because respondents did not believe in their importance, did not know how to perform them, found them too expensive to conduct in-house, or believed there were consulting firms which could perform these activities for them.

The author further interviewed a number of CEOs and HR managers in order to assess the demonstrated skills and knowledge an HR executive should possess. The interviews revealed that CEOs expected their HR leaders to possess both business knowledge and HR functional knowledge. They expected an HR executive to think and work from the left side of the model toward the right, beginning with shaping business strategy and developing HR strategy, followed by leading change, aligning HR processes, and achieving results. Their common responses are presented in Box 3.1 which categorises the required HR capabilities as perceived by the CEOs.

**Box 3.1: HR Capabilities as Perceived by CEOs**

BUSINESS KNOWLEDGE	HR KNOWLEDGE
<ul style="list-style-type: none"> <li>• Aware of environmental forces</li> <li>• Understands markets and customers</li> <li>• Conversant with industry and competitors</li> <li>• Understands vision, mission and objectives</li> <li>• Interprets and understand business plan</li> <li>• Understands financial management</li> <li>• Challenges the status quo</li> <li>• Networks to get things done</li> </ul>	<ul style="list-style-type: none"> <li>• Undertakes strategic staffing</li> <li>• Practices performance management</li> <li>• Understands staff development</li> <li>• Develops a learning organization</li> <li>• Understands industrial relations</li> <li>• Understands organizational design</li> <li>• Focus on results</li> <li>• Initiates change</li> <li>• Make decisions effectively</li> <li>• Communicates effectively</li> </ul>

A major revelation from the capabilities outlined in Box 3.1 is that the HR leader to be effective in Uganda enterprises, he/she must possess both business and HR professional knowledge. The HR leader is no longer expected to occupy a back-seat. He/she needs to be alert on the business environment as well as display professional competence in his/her discipline. This finding was well strengthened by the HR managers interviewed by the author. They explained that:

*"It is vital to understand the business one is operating. It is important to understand the business key performance indicators."*

*"There should be a clear business link in the HR strategy."*

*"The HR person should be prepared to be held accountable for success measures in exactly the same way other business managers are".*

*HR has to be able to lead and manage business change. Influencing and leadership skills are also important."*

*"HR professionals should be able to perceive when the organization needs a new way of doing things, as well as to structure organizations and motivate people to operate in new ways".*

*"The HR professional must have types of knowledge that traditionally have been valued: an understanding of employee behaviour, insights into the kinds of people who will fit well and contribute to the organization, and skills in specific HR disciplines".*

The interview programme therefore revealed that successful HR managers not only require a strong commercial (business) orientation but also must earn the respect of other management team members as competent professionals in the area of HRM. These findings further emphasise the changing trend in the HR function which both CEOs and HR executives in Uganda would wish to adopt. The trend emphasizes that HR managers should have capabilities which include both business and HR knowledge so as to effectively and efficiently contribute to organizational success. This therefore implies that management education institutions such as UMI must equally adjust their curricula to suit the changing trend. This trend compares very well with Ulrich's new HR realities in Table 2.2 of the second chapter which requires HR professionals to possess both business and HR knowledge in order to add value to their firms.

### **HR Role for Line Managers**

We have already observed while reviewing the literature that in recent years there has been a considerable debate regarding the HRM role of HR specialists, line managers and top managers. Key themes have included the implications arising from the adoption of a distinctive form of human resource management and the relationship between the line and top managers' human resource roles and those of the HR professionals. As Kirkpatrick et al (1992) observed, the decentralization of responsibilities to the line has been viewed as a key characteristic of the alleged distinctiveness of modern forms of HRM. Indeed as argued by Poole and Gelvinille (1997) there are a number of intertwined arguments here. However, the central thrust is that whatever the version of the term human resource management,

line responsibility is basic to its effective practice. This is first of all because the implementation of HR strategy is seen as best effected through departmental managers and supervisors. Second, there is the position that line management is critical for motivation and the nurturing of high commitment in any given workforce. Therefore with those arguments in mind, one of the research questions under this study wished to establish whether line managers in Ugandan enterprises are actively involved in the HR/IR function.

To find out from the respondents whether line managers in their organizations performed any HR function, the following question was asked: *Do line managers in your organization perform any HR function?* The answers given to the respondents were: "Yes always", "Sometimes", "Not at all" and "Not Sure" (see question 6 (a) of the questionnaire). Their responses are shown in Table 3.15.

**Table 3.15: Line Managers and HR Function**

Line Managers Participation	Number of Respondents	Percentage
Yes, Always	34	41
Sometimes	45	54
Not At All	02	02
Not Sure	02	02
<b>Total</b>	<b>83</b>	<b>100</b>

Table 3.15 shows that the highest percentage of respondents, that is 95 percent (the majority of which came from government and private sector organizations) agreed their line managers were engaged in the HR function and of these 41 percent indicated that their line managers always participated in areas pertaining to the HR function. Another 2 percent of the respondents stated that their line managers were never involved in any form of HR while the remaining 2 percent respondents were just not sure whether such involvement ever existed.

Respondents from interviews also reveal that as a matter of practice, all line managers were expected and indeed encouraged to perform some HR functional activities. The following quotation from one of the interviewed CEO explains the position:

*"Enlightened general managers now understand that it's the integration of finance, operations and people, as part of an overall business strategy, that enables one organization to perform better than another. It is the skills and competences provided by people executing business strategies that make the difference and ultimately make strategies that make the difference and ultimately make strategies"*

*come to life. We therefore believe that all managers regardless of their operational areas must practice people management because inevitably they deal with people everyday”.*

The HR managers also agree that managing people at work is no longer a preserve of the HR professionals. This is reflected in the following interview responses made by HR professional respondents:

*“In order to have a well integrated organization which is capable of achieving results, HR and line managers need to develop a real understanding of the effects of people management on the performance of the organization and put this into practice”.*

*“In our organization, line managers require, and many are acquiring knowledge of the principles and practices of effective people management”.*

*“It would indeed be an overload for the HR department if all personnel issues like grievances and discipline were reserved for us. We are happy that most of the minor HR issues can be handled by the departmental heads”.*

Concerning the benefits of devolvment, interviewees who included CEOs, line and HR managers suggested a number of positive aspects of the practice of devolvment of HRM to line managers. The common positive responses resulting from devolvment are that:

- *Managers can respond more quickly to local departmental problems;*
- *Most routine problems can be resolved at the grassroot level;*
- *There is more time for HR specialists to perform strategic functions;*
- *Organizational effectiveness can be improved;*
- *Costs can be reduced by redirecting central bureaucratic functions.*

From the respondents who indicated involvement of the line managers in the HR function, the study also sought to identify the HR areas which form part of the job of line managers. Respondents were provided with multiple responses (see question 6 (b) of the questionnaire) from which they selected the HR activities line managers perform and the selected frequencies are shown in Table 3.16. It is however worth noting that a cross-analysis of the selected HR activities did not reveal significant differences among the HR and line managers respondents. This explains that line and HR managers are in agreement over the type of HR activities which should be handled by the line executives.



**Table 3.16: HR Activities by Line Managers (Multiple Response)**

Activity	Frequency	Percentage
Performance Appraisal	76	96
Handling grievances and discipline	71	90
Training employees	62	79
Motivating staff	55	70
Recruitment/Selection	51	65
Human Resource Planning	40	51
Health and Safety	38	48
Pay and Conditions of Employment	22	28
Payment systems	10	13

Table 3.16 shows that the most common HR activities handled by line managers are performance appraisal, grievance and disciplining, training employees, motivating staff and recruitment and selection. These are largely the traditional personnel functions which indicates that line managers concentrate on the routine HR functional activities leaving other strategic and possibly more difficult HR activities like human resource planning and payment systems to the professional HR managers. This finding is similar to that of the Chartered Institute of Personnel and Development (CIPD 2004) which found that more and more front-line leaders are active at the delivery end of people management, involved in tasks such as performance appraisal, coaching and development, involvement and communication, absence management, discipline and grievances, and recruitment and selection. The study has therefore revealed that employee management in Uganda enterprises is not the sole responsibility of HR managers, but shared with virtually all managers in the work place. The line manager generally has regular administration and decision-making duties that overlap more traditional personnel matters. The role of the HR manager, therefore, generally is one of support for the other managers, helping to establish common organizational procedures and policies on a wide range of HR issues and taking a lead role in the establishment of strategic HRM.

It is obvious that for the line managers to successfully perform the above HR activities need to be trained. Accordingly, question No. 6 (c) in the questionnaire asked the respondents whether line managers in their organisations received any training in HR/IR. While 74 percent of the respondents indicated that their line managers had received some on-the-job

and off-the-job training as outlined in Table 13.16 (a), the rest of the respondents who mainly came from NGOs stated that their line managers had not received any training in human resource management.

**Table 3.16 (a): HR/IR Training of Line Managers**

<b>Status</b>	<b>Frequency</b>	<b>Percent</b>
Yes, on-the-job training	51	63
Yes, off-the-job training	9	11
Neither of the above	21	26
<b>Total</b>	<b>81</b>	<b>100</b>

The respondents who indicated that their line managers received training in HR were asked to indicate the content of the training which was given to their managers. Table 3.16 (b) shows that those who received any form of training were mainly coached in areas of performance appraisal, team working, communication, customer service, leadership and computer skills.

**Table 3.16 (b): HR Training Received By Line Managers**

<b>Content</b>	<b>Frequency</b>	<b>Percent</b>
Performance Appraisal	43	77
Team working	39	70
Communication	36	64
Customer service	36	64
Leadership skills	34	61
Computer skills	33	59
Motivation	21	38
Problem solving	21	38
Handling grievances	17	30
Quality control	16	29
Health and safety	13	23

The above findings reveal the existence of a training gap in HR functional areas for the line managers. Since the line managers are involved in the management of people under them, there is need for them to be properly trained in the areas they normally transact such as

handling grievances, health and safety, motivation, problem solving, performance appraisal etc. This gap brings an opportunity to training institutions like Uganda Management Institute (UMI) to develop and market executive HR related training programmes which are specifically tailored for line managers. The general impression one gets from the majority of the respondents who participated in this study (especially those interviewed) is that such programmes are likely to attract line managers most of whom will be sponsored by their respective organisations.

### **Training As A Strategic Function**

The link between education and training and productivity has been the subject of a great deal of literature (see Mayer 1983; Pole and Glenville 1997; Ramlall 2004) which shows that, without being the sole cause of increased productivity, this factor undoubtedly affects the volume and quality of production. Indeed, recent debates on the competitive advantage of companies and nations have increasingly focused on human resource development practices. Thus, Dunlop (1992) has argued that resource development is basic to economic growth and development. And in a rigorous study, Koch and McGrath (1996) were able to demonstrate that firms which systematically train and develop their workforces are more "likely to enjoy the rewards of a more productive workforce. Of course, it goes without saying that in the era of increasing globalization and the struggle to create sustainable competitive advantages, organizations need to continuously evaluate their strategies to ensure they have the expertise needed to help achieve the mission of the organization.

In view of the importance of human resource development which contributes towards a sustainable competitive advantage this study aimed at investigating whether enterprises in Uganda take training and development of their staff as a critical strategic function. Obviously, the results of such a study have implications not only for the Ugandan economic development but also to the providers of such management education which providers include institutions like Uganda Management Institute (UMI). A positive response to staff development by enterprises will mean that employees become more productive and thus contribute to the national development strategies. And on the other hand, the need for training in organizations is likely to extend business opportunities to institutions such as UMI. Naturally, the reverse will negatively affect both the nation and institutions.

In order to assess whether organizations regarded staff training and development a critical strategic function, several questions were included in the questionnaire. The following

question was used as an index of the importance of training and development: *“To what extent is training and development of employees regarded as a critical strategic function in your organization?”* The answers included: “To a great extent”, “To moderate extent” “To a little extent” and “Not sure”. The distribution of the respondents in terms of their responses to the question is shown in Table 3.17.

**Table 3.17: Training As A Strategic Function**

Extent	Number of Respondents	Percentage
To a great extent	37	44
To moderate extent	27	32
To a little extent	17	20
Not Sure	02	02
<b>Total</b>	<b>83</b>	<b>100</b>

As the data in Table 3.17 above shows, a high percentage of respondents acknowledged a reasonable degree of the importance of training and development. Those who indicated whether training and development was regarded as a critical strategic function “To a great extent” or “Moderate extent” constituted 76 percent the majority of which were from the government sector. Of the remaining respondents, 20 percent who largely came from the private sector, felt that it was regarded “to a little extent” while a mere 2 percent showed ignorance of what policy existed regarding training and development.

The importance of staff training and development was further tested in a question which sought to find out from the respondents whether they had annual training budgets in their respective organizations. The question was: *“Does your organization have an annual training budget?”* Those who answered “Yes” constituted 74 percent, 16 percent gave a “No” while the rest who constituted 11 percent were “Not Sure”.

The fact that 76 percent of the respondents recognized that training and development was reasonably regarded as a critical strategic function, 74 percent indicated that their organizations have annual training budgets, leads to the conclusion that all but a small percentage of organisations were convinced that staff training and development is necessary and useful. Such a finding tends to reveal that Ugandan enterprises value training and development of their staff and are willing to make an investment in this sector. Of course as pointed out by Gruhulis and Beritt (2002) Investors In People (IIP) aims not only to increase employees’ skills but also to improve attitudes, motivation, commitment, loyalty

and job satisfaction. It leads to improvements in morale and motivation. Retention rates tend to improve, absenteeism reduces, change is readily accepted and people identify with the organization beyond the confines of their jobs.

However, although the majority of respondents attached a lot of significance to staff training and development and that their organizations budget for the training of their staff, the sizes of the budget as Table 3.18 shows are rather disappointing.

**Table 3.18: Size of Training Budget**

Size	Number of Respondents	Percentage
Less than 2% of total budget	12	20
Less than 5% of total budget	25	41
Between 5-10% of total budget	14	23
Not Sure	11	16

As outlined in Table 3.18, respondents who indicated that their organizations had annual training budgets were under question 8 (d) of the questionnaire asked to provide the size of their respective annual training budgets. The results show that 61 percent of the respondents indicated that their training budgets were less than 5 percent of the total budget. A total of 16 percent of the respondents were not even sure whether their organizations had any budget for training. Only 23 percent of the respondents revealed that their organizations spend between 5 and 10 percent of their total budget on staff training and development which budget proportion is considered to be a fair expenditure on training by firms in Uganda. This therefore suggests that the importance attached to training which was reflected by the data in Table 3.17 is not supported by adequate funding as data in Table 3.18 shows. Despite the importance organizations attach to staff development, the above results suggest that such importance is not given sufficient financial support. This implies that a number of organizations in Uganda still consider funds expended on training as a cost and not an investment which may bring returns to investors. This observation is confirmed by one of the CEOs interviewed by the author:

*"We recognise that people train, but we are concerned about the cost in terms of money and time, and we are concerned about the possibility of when people are trained may be they want more money or find another job".*

It is therefore not surprising that the training employees receive is mainly on-the-job. This is supported by the fact that when respondents were asked under question No. 8 (e) to state the common methods used for training their managers and supervisors, 72 percent of the respondents gave "on-the-job training" as the most common method used. Those who indicated that staff, are sent to relevant training institutions (off-the-job) constituted 22 percent while the remaining 6 percent selected "using consultants" as the method used to train managers and supervisors. The few employees who received training off-the-job" spent less than 10 days on most the training interventions which duration might not be sufficient to cover enough training ground.

In drawing overall conclusions, the findings and staff training and development reveal that organizations in Uganda recognise training as a source of competitive advantage and improved productivity. This is a positive development only that its implementation is hampered by either the unwillingness or inability by some of the organizations to fund that training which is reflected by the limited budgets provided for such purposes. Consequently, the nature of training and development in a number of organisations are essentially informal, reactive and short term in outlook. Organisations and their managers therefore need to be sensitized and convinced that staff training and development is not a cost but an investment which adds value not only to the individual employees but also to the productivity and profitability of their respective organizations.

### **The Fate of Industrial Relations in Uganda**

As pointed out by Armstrong (1999), the traditional and fundamental purpose of trade unions is to promote and protect the interests of their members. They are there to redress the balance of power between employers and employees. Trade unions as indicated by Freeman and Medoff (1984), provide workers with a "collective voice" to make their wishes known to management and thus bring actual and desired conditions closer together. This applies not only to terms of employment such as pay, working hours and holidays, but also to the way in which individuals are treated in such aspects of employment as the redress of grievances and discipline. More broadly, unions may see their role as that of participating with management on decision-making (joint determination) on matters affecting their members' interests. On the other hand, conventionally, managers' views on industrial

relations generally and trade unions in particular usually fall into two categories: (1) Those who think that workplaces could run very much better if there were no trade unions and managers are left alone to manage as they see fit without trade union interferences. (2) Those who take a positive attitude by recognizing that conflict is inevitable in a work situation and the only way forward is to accept and identify areas of conflict and agree with the unions the procedures for orderly resolution of disputes and grievances.

As discussed under the previous chapter, trade unions have been facing serious challenges over the years which have raised the issues of their relevance as social partners in the tripartism for the protection of working class interests. The unions have been losing membership in large numbers particularly under major economic reforms and liberalization policies, a development which has raised serious doubts about their role in the social economic transformation of their respective countries. Obviously, the strength of a trade union is largely dependent upon the number of members it has organized. The Uganda situation indicates that over the last 15 years trade union membership has been declining because of various reasons including retrenchment, natural wastage, insufficient mobilization, lack of trust among non-unionised workers on existing unions, non clarity of the role of unions among workers generally and questionable leadership in some unions (Nassanga 2002). The decline in trade union membership resultantly affected NOTU membership which fell drastically by 38 percent in 1995 i.e. from 101,500 to 62,647 members. And as of 2002, trade unions in Uganda represented a mere 1.5 percent of the estimated 9 million labourforce (see NOTU Annual Reports 1995 – 2002). In Uganda, the government has at least in words expressed interest in the promotion and maintenance of harmonious labour relations. The government recognizes the need for sound labour relations systems through which employers and employees can deal with salaries/wages and any other conditions of employment. The government policy on labour relations seeks to create an environment for industrial peace in order to promote economic development and attract both local and foreign investment which would in turn reduce the hardships caused by the structural adjustment programmes. Possibly, this could explain the reason that despite the Uganda Government's failure to rectify ILO Convention No.87 on the Freedom of Association and the Right to Organise, a number of legal provisions have been made to afford both employers and workers freedom of association which is a fundamental necessity for harmonious industrial relations.

In Uganda, the freedom of assembly and association is enshrined and guaranteed by the 1995 Constitution of the Republic of Uganda. Article 29(1)(e) states:

*“Every person shall have the right to freedom of association which shall include the freedom to form and join associations or unions, including trade unions, and political and other civic organizations”.*

This freedom is further re-emphasised in Article 40(3) of the same Constitution which states that:

*“Every worker has a right:*

- (a) to form or join a trade union of his or her choice for the promotion and protection of his or her economic and social interests;*
- (b) to collective bargaining and representation; and*
- (c) to withdraw his or her labour according to law*

In addition to the Constitution, labour legislations in Uganda have over a time guaranteed the workers' freedom of association and the right to organize. For example Section 56(1) of the Trade Unions Act No.20 of 1976 stipulate that:

*“Employees shall have the right to organize themselves in any trade union and may assist in its running and may bargain collectively through a representative of their own choosing and may engage in other lawful activity which is for the purpose of collective bargaining or other mutual aid or practice.”*

Section 56(2) of the same Act restrains an employer from interfering with this freedom. Then Section 56(3) stipulates a penalty in case of contravention of the provisions of Section 56(2). Furthermore, under Section 19(i)(e) of the same Act an employer is obliged to recognize a registered trade union in which at least 51 percent of his employees have freely subscribed their membership and in respect of which the Registrar has issued a certificate under his hand certifying the same to be the negotiating body with which the employer is to deal in all matter affecting the relationship between the employer and those of his employees who fall within the scope of membership of the registered trade union.

Against the above discussed political and legal rather enabling infrastructure the study aimed at establishing the current status of industrial relations (IR) in Uganda. Specifically the author investigated the general IR relationship existing between employers and trade unions in Uganda. This relationship can be reflected in terms of whether trade unions are freely recognized by management and whether the level of union membership in



organizations is large enough to indicate interest among employees to join trade unions. Management's attitudes towards trade unions is another reasonable indicator of the nature of IR, and accordingly the researcher assessed the respondents' attitudes along this perspective. The existing levels of negotiating skills among managers was also examined. Positive responses would suggest the existence of a favourable IR climate where employers are willing to deal with trade unions while the reverse would imply uneasiness among both employers and trade unions to work in partnership on matters affecting the workforces, a situation likely to lead to poor IR at workplaces. The results of the study have implications on the interaction between HRM and IR in Uganda, that is, whether the interaction is positive or negative. Subsequently, the results are likely to impact on the industrial relations training menu which institutions such as UMI may offer.

In order to establish whether in practice employers recognized trade unions for collective bargaining purposes, respondents were asked: *"Is a trade union recognized by management for negotiating terms and conditions of service of unionisable employees in your organization?"* (see question 7 (a) of the questionnaire). The alternative answers given to the respondents included "Yes" and "No". As indicated in Table 3.19, of the 78 respondents who answered this question, 64 percent chose a "No" while only 36 percent answered in the affirmative. An intersectoral analysis of the respondents revealed that the majority of "Nos" came from the private sector.

**Table 3.19: Trade Unions Recognition**

Recognition	Number of Respondents	Percentage
Yes	28	36
No	50	64
<b>Total</b>	<b>78</b>	<b>100</b>

The data in Table 3.19 clearly shows that despite the conducive political will and legal environment which would have resulted in many organizations recognizing trade unions, just a few organizations recognize unions in Uganda. This finding is in agreement with Lewis' et al (2003) observation that the role of trade unions has always been subject to question, and they have often operated in an environment characterized by at least some degree of suspicion and hostility. In Uganda, it is rather ironic that the application of the Trade Unions Act of 1976 which regulates the recognition of trade unions was promulgated long

before liberalization, has tended to frustrate union organization in the era of liberalisation. As earlier explained the law provides that 51 percent of the workers must be organized before a union can receive employer's recognition. However, it remains an uphill task to organize workers in the emerging industries, as many of the so-called investors are not inclined to develop consultative relationship with workers, still less recognize their unions for bargaining purposes. As such the employers do all things imaginable to frustrate union organization and ensure that the unions do not achieve the 51 percent organization in their business. In cases where the union succeeds in organizing the legal limit, the employer still remains adamant in his opposition. To make the situation worse, the Ministry responsible for labour to which trade unions would have resorted for redress is equally toothless. One of the trade unions officials interviewed put the worrying situation bluntly:

*"It is probably true that the ministry responsible for labour may be in a fix on matters relating to stubborn employers. While it believes that the provisions of the existing law should be respected, it remains unwritten policy not to do anything that will amount to a conflict with government policy on the promotion of investment in the country".*

Similar sentiments of existing rather poor relationship between employers and unions were expressed by an executive for the National Organisation of Trade Unions (NOTU):

*"There is reasonable cordiality in the relationship between the Federation of Uganda Employers (FUE) and unions but, curiously, this cordial relationship has not permeated the entire ranks of all employers. The state of acrimony between labour and capital today has been aggravated by the impact of economic reforms, including the refusal of members of the FUE either to recognize the unions or negotiate with them".*

The general poor relationship stated by the union officials interviewed were confirmed by one prominent member of the Federation of Uganda Employers. He clearly expressed the little respect he had towards trade unions:

*"So long as production is escalating and the company is making profits the union becomes less important. What is critical is employee loyalty, commitment and motivation".*

Another question in the questionnaire (see question No. 7 (b)) required the respondents to indicate the approximate proportion of employees who were members of a union in their respective organizations. The pre-prepared answers given to the respondents were: "None", "Less than half", "About half" and "More than half". The author assumed that the

higher the union membership was, the higher the interest of workers would be in joining trade unions. The distribution of respondents in terms of their responses to the question is outlined in Table 3.20.

**Table 3.20: Proportion of Union Membership**

Proportion	Number of Respondents	Percentage
None	46	62
Less than half	23	31
About half	01	01
More than half	04	05
<b>Total</b>	<b>74</b>	<b>100</b>

As the data in Table 3.20 shows, a high percentage of respondents acknowledged a non-existence of union members in their organizations. Those who indicated that none of the employees were union members constituted 62 percent while 31 percent of the respondents pointed out that the union membership in their organizations constituted less than half of the workforce. Only 5 percent showed that their organizations had more than half of their workforce as members of trade unions. It is important to note that the data in Tables 3.19 and 3.20 is almost consistent in the sense that while 64 percent of the respondents in Table 3.19 showed that their organizations did not recognize trade unions, 62 percent of the respondents in Table 3.20 indicated a no-union membership in their organizations. These findings clearly support the earlier observations made about the declining trend of union membership in Uganda. This is partly encouraged indirectly by government for not enforcing legislations requiring union recognition for fear of “antagonizing” the so-called investors who are desperately needed for the country’s economic recovery and partly by the seemingly general apathy existing among workers on whether it is still useful to belong to a trade union. One of the trade unionists interviewees confirmed the trend when he made the following observation:

*“Among the adversities that we trade union leaders face are pressing organizational problems: membership erosion due to structural changes in the economy and society; unfavourable political and institutional conditions that make organizing even more difficult, and attempts to attract and represent new social groups remain insufficient largely because of the above reasons.”*

Interestingly, one of the HR managers who were interviewed about the trade unions trend in the country made almost the same remarks although in different words. She commented that:

*“Since the mid 1980s, long-term mass unemployment has become a major problem to the labour movement in Uganda. It has aggravated the membership of unions as less workers join them. Unfortunately, this appears to have taxed the bargaining power of unions because large union membership is a great asset to union success”.*

The declining levels of unionization in Uganda have meant that unions have become less able to resist management directives than in the past. The government has also tended to take a less active role in labour market issues, so that employers have become more influential in determining the level of industrial relations which can prevail. It is obvious that industrial relations tend to become more constructive where employers and unions recognise each others’ role and objectives, identify their common interests and interdependence and set up workable procedures for their mutual survival.

Furthermore, in order for managers to adequately handle the affairs of trade unions and their membership, there are specific knowledge and skills they should have. Accordingly, the researcher endeavoured to establish whether managers had acquired those necessary skills such as negotiation, communication, research etc. Respondents were therefore asked under question 7 (d) of the questionnaire to indicate whether their managers had sufficient skills to negotiate and deal with trade unions. Table 3.21 represents the results.

**Table 3.21: Managers’ Levels of Trade Unions Skills**

Level of Skills	Number of Respondents	Percentage
They have sufficient skills	15	20
Have very limited skills	40	52
I am not sure	21	28
<b>Total</b>	<b>76</b>	<b>100</b>

Data in Table 3.21 shows how unskilled Ugandan managers are in negotiating and generally dealing with trade unions. As the table indicates, 52 percent of the respondents felt that managers “have very limited skills” while a mere 20 percent of the respondents held the view that their managers “have sufficient skills”. The 28 percent respondents who were

“not sure” could easily be interpreted to belong largely to the category of those respondents (52%) who were honest to state that their managers had very limited skills because unless one doubts someone’s competences, it is quite easy to tell that he/she has the required competences or not. This finding reveals a general gap in the industrial relations skills which need to be addressed. Although this gap may be taken to tally with the declining levels of trade unionism in the country, it is pretty possible that when the Uganda economy picks up, more trade unions might come into force and hence the need for knowledge and skills for managers to deal with those likely emerging workers organizations.

Respondents were further asked in question 7 (e) to rank the 16 industrial relations skills which the researcher provided in the questionnaire by indicating the skills they considered to be either most important, important or least important to managers who handle industrial relations issues. Table 3.22 represents the skills ranking by the respondents.

**Table 3.22: Respondents’ Ranking of the IR Skills**

	IR Skills	Most Important		Important		Least Important	
		No	%	No	%	No	%
1.	Active listening	69	87	10	12	-	-
2	Adaptability	32	38	40	48	4	5
3	Analytical	60	77	16	19	1	1
4	Creative thinking	55	66	20	26	2	2
5	Decision making	64	83	12	16	1	2
6	General business	21	28	38	45	17	22
7	Financial	17	22	46	60	14	18
8	Leadership	56	67	20	24	1	1
9	Oral communication	64	81	17	18	1	1
10	Presentation	57	75	17	18	1	1
11	Research	40	53	34	45	1	1
12	Consultation	51	70	26	30	-	-
13	Risk taking	29	39	38	51	7	10
14	Negotiating	70	89	6	8	2	3
15	Cultural sensitivity	21	29	40	55	13	16
16	Organisational dynamics	36	46	38	49	4	5

Columns 1 and 2 of Table 3.22 show the IR skills which respondents considered as being the most important. The skills were ranked as follows:

Negotiating	89%
Active listening	87%
Decision making	83%
Oral communication	81%
Analytical	77%
Presentation	75%
Leadership	67%
Creative thinking	66%
Consultation	60%
Research	53%
Organisational dynamics	46%
Adaptability	38%
Risk taking	37%
General business	28%
Cultural sensitivity	28%
Financial	22%

As reflected in the above list, the most important IR skills respondents believe managers should have include negotiation, listening, decision making, oral communication, analytical, presentation, leadership, consultation etc. As a way of finding out whether the length of employment period by the respondents would affect their ranking of the IR skills, Table 3.5 (Distribution of respondents by number of years in employment) was cross-tabulated by the IR skills in Table 3.22 which were ranked by more than 50 per cent of the respondents as being the "most important". The results of the cross-tabulation are outlined in Table 3.22 (a).

**Table 3.22 (a): IR Skills and Length of Service**

IR Skill	Total Ranking	Respondents by Length of Service	
		Under 5 years (%)	Above 5 years (%)
Negotiating	89%	43	46
Active Listening	87%	37	50
Decision Making	83%	40	43
Oral Communication	81%	40	41
Analytical	77%	37	40
Presentation	75%	35	40
Leadership	67%	29	38
Creative Thinking	66%	30	36
Consultation	60%	22	38
Research	53%	20	33

Results of Table 3.22 (a) reveal that other than the skills in: active listening, leadership and research, the length of service by the respondents did not significantly affect their ranking of the industrial relations (IR) skills. Of the total 87 percent respondents who ranked “active listening” as among the most important IR skill, 37 and 50 percent had served in employment for a period not exceeding 5 years and others for a period above 5 years respectively. This suggests that as one accumulates the years of employment, he/she realizes how important it is to listen to other parties while handling IR issues. Similarly, of the 67 percent total respondents who selected “leadership” among the most important IR skills, 29 percent had worked for 5 years and under while 38 percent had served for more than 5 years. This also implies that the longer a person stays in employment, the more he/she appreciates the value of exercising good leadership qualities (e.g. a good listener) when transacting IR matters. The value of “research” while dealing with IR was also appreciated more by respondents who had stayed in service for more than 5 years (33%) while only 20 percent of the total 53 percent who selected research among the most important IR had worked for less than 5 years. This suggests that with long experience in a job, a person realizes how important it is to carry out adequate research while handling industrial relations aspects. On the other hand, the level of education by the respondents (see Table 3.3) was not a major factor in influencing the respondents in selecting the most important IR skills. Respondents who either had Bachelors or Masters degrees had similar

choices of IR skills an indication that possibly a Bachelors degree is basic enough for one to transact IR business.

One interesting result which immediately catches the eye, is that the above identified IR skills are almost similar to the HR skills earlier identified by the respondents as analysed in Table 3.13. Skills like leadership, negotiation, analytical, communication, decision making etc are common in both sectors i.e. HRM and industrial relations. This finding has implications to the content of the curriculum that HR and IR students should have. As suggested by Kaufman (1996) education management teaching institutions are likely to have a better curriculum for their HR students if it combines both human resource and industrial relations aspects. This is because in practical life, an HR manager will have deal with both aspects.

The fact that one of the HR professional's role is that of being "an employee advocate" (Ulrich 2005) necessitates that people in the HR department should be conversant with industrial relations issues. This therefore requires management education institutions such as UMI to develop a curriculum which combines both HR and industrial relations aspects in order to produce well-balanced graduates who will positively respond to the labour market needs.

#### **The significant findings from Learning Goal No.4**

The empirical part of Learning Goal No.4 has made several findings many of which have strategic implications to management development Institutions (MDIs) such as the Uganda Management Institute (UMI). The significant findings include the following:

- i) More females are being employed in organisations' managerial position which was not the case two decades ago. It is therefore likely that more female students will register for management training programmes in training institutions.
- ii) Organisations are now interested in recruiting university graduates to their managerial positions because university graduates are considered to be more dependable and easier to train. This might necessitate management education institutions such as UMI to package their programmes with University degree holders in mind. Although non-university degree executives will need further



training, their numbers will gradually dwindle as the labour market progressively employs degree holders.

- iii) Organisations prefer recruiting HR staff with relevant training and qualifications related to HRM. It is therefore likely that those who wish to take up HR related jobs will endeavour to have the relevant training.
- iv) Many of the HR and line managers in Uganda organisations are fairly young i.e. below 40 years. They are therefore likely to be involved in continuous professional development (CPD). This therefore means that with relevant programmes which respond to market needs, UMI will continue to be in business.
- v) Uganda has a mixed economy consisting of the public, private and voluntary (NGO) organisations. This has implications on the nature of training packages provided by training institutions which must be relevant to the respective sectors. This will require UMI to adopt structures and packages that meet specific market demands.
- vi) The Federation of Uganda Employers (FUE) encourages and supports its member organisations to adopt best HR practices. This is a further opportunity for UMI to work in close partnership with FUE not only in training aspects but also research and consultancy.
- vii) The HR function is highly or very highly regarded in 2/3 of our sample of Uganda organisations as adding value to the sustainability and success of the enterprises. The function however needs to be redesigned to operate as a business partner and become more strategic. The curricula of institutions such as UMI must therefore ensure that the HR strategic perspective is significantly highlighted and that the client organizations understand the importance of this.
- viii) Uganda firms share the same ambiguity about the HR role as the case is in UK/Europe. This ambiguity concerns the routine administration versus the strategic focus of HR.
- ix) CEOs are looking for HR to play a bigger role such as contributing to business performance, change management etc.
- x) HR managers recognise the need for their strategic involvement.
- xi) The HR department is viewed as being important to organisations and senior managers who include the CEOs work closely with the departments. However, the HR departments are still operational i.e. handling day-to-day personnel issues instead of being involved in organisational strategic issues. The transformation is likely to be gradual and institutions such as UMI must participate in this process.

- xii) The skills regarded as important to HR employees include management and leadership, decision making, analytical and problem solving, negotiation and communication. Such skills must therefore be significantly pronounced in the programmes delivered by UMI and other similar institutions.
- xiii) Although the HR function is still perceived from a traditional perspective in some organisations, gradually organisations are realising that the HR function should take a strategic business focus.
- xiv) Line managers perform some HR functional activities e.g. performance appraisal, grievance handling, training, recruitment and selection. These are largely the traditional personnel functions which indicates that line managers concentrate on the routine HR functional activities leaving scope for other strategic and possibly difficult HR activities to be undertaken by the professional HR managers.
- xv) There is a training gap/need for line managers who should be trained in HR. UMI can therefore organize appropriate executive programme for such managers.
- xvi) Organisations in Uganda regard training and staff development as a critical strategic function which promotes their competitive advantages and improved productivity.
- xvii) Most of the organisations have training budgets which are however limited in scale judged by expenditure.
- xviii) Industrial relations (IR) in Uganda have negatively been affected by the declining trade union membership caused largely by the introduced economic reforms and liberalisation policies.
- xix) Although the Uganda government has provided a conducive legal framework for industrial relations, it has turned a blind eye to employers who breach the labour legislations by frustrating union organisation in their businesses. This means that unions have become less able to resist management directives than in the past. However, institutions such as UMI can influence government policies and actions by undertaking research in IR – related issues and make appropriate recommendations to government. This will not only demonstrate a better UMI image before the government but it is also likely to attract funds for research to the Institute from both local and international funding organizations.

## **CHAPTER FOUR**

### **CONCLUSIONS, RECOMMENDATIONS AND IMPLICATIONS TO THE UGANDA MANAGEMENT INSTITUTE (UMI)**

In a world of rapidly globalising economies, enterprises (including those in Uganda) face a dynamic business environment that requires them to be constantly competitive in order to survive and grow. At the same time, current economic realities (such as liberalisation, globalisation, continually changing customer demands, new structures of production and work) increase the importance of human and social capital for enterprise success. As observed by the Chartered Institute of Personnel and Development (CIPD) study on sustaining success in difficult times, the link between people management and organisational performance is clear (CIPD 2002). Indeed HR policies and practices can play a crucial role not only in facilitating change but also, simultaneously, in helping to maintain commitment, loyalty and trust in the organisation, thereby reducing the fear of uncertainty.

The results of this study support the notion that businesses which manage employees with more progressive HR practices can expect to see higher operational performance as a result. The findings reveal that organisational stakeholders recognise the importance and effectiveness of HR in organisational competitiveness. The human factor is regarded as a valuable element in enterprise competitiveness but only when it consists of two equally important aspects – high quality of human resources and good organisation of people's work. The fundamental role of human resource management (HRM) is viewed essentially as maximising profitability, quality of work of life and profits through effective management of people. Given this premise, it can easily be inferred that HR's role in Uganda's enterprises is to help create value to the organisations which in turn contribute towards national development. The results of this study therefore provide a new mandate of human resource management in Uganda. This mandate includes human resource professionals becoming: a partner in strategy execution; an administrative expert to improve the efficiency of human resources; an employee champion; and a change agent (see Ulrich 2005). In addition, human resource professionals must upgrade their skills and their value to the organisations. Furthermore, the initiative by the Federation of Uganda Employers (FUE) to encourage employers to adopt the best HR practices in their respective enterprises is a commendable development. The Employer of the Year Award which is the brain child of FUE and whose main objective is to promote the best practices in HRM and development among employers

points towards a positive future in practising HRM in Uganda enterprises. It therefore brings a great opportunity for UMI to ensure that they develop a strong partnership with the FUE and its membership to promote training, research and consultancy in HR and other related issues.

#### ***The HR Department***

The importance of the HR department is appreciated by the majority of the stakeholders. However, although the study results indicate that a number of HR departments in Uganda still transact operational personnel functions, the same results provide ample evidence that managers are aware that such departments should change their approaches and play a more strategic role. A strategic approach calls upon the HR department to adopt a strategic role in addition to its operational roles as a rule enforcer and guardian of the integrity of HR systems. This means that the HR staff must be more responsive to the organisation's goals by acting as consultants and service providers to the line; supporting the attainment of the organisation's strategic objectives; and carrying out an integrated, philosophy – driven HR programme. Strategic human resource management (SHRM) requires the full involvement of the HR department in the strategic process. This is necessary to ensure that the strategic initiatives under discussion are evaluated in terms of their implications for human resources. For example, when a new programme initiative is under consideration, the HR manager can offer an analysis of the gap between the current human resources capabilities and projected needs. Similarly, if an enterprise wishes to adopt a customer – service orientation, the HR office can explain the difficulties inherent in changing an organisation's culture and the kinds of training and incentives required to accomplish it successfully. Involvement by the HR department is also necessary so that the HR staff can obtain a better and more complete understanding of the organisation's mission and issues confronting line managers. This is so because the current consensus is that most HRM activities should be matched to the organisation's strategy. As observed by a number of HR executives and CEOs interviewed there is substantial evidence pointing to the benefits to be gained from holistic integration of HRM considerations into organisational strategy.

As the study findings have revealed, with growing complexities and increased emphasis on HRM, the HR manager is becoming a more important member of the management team. He should therefore be involved in the development of all aspects of corporate strategy. And as a result, the jobs of the HR executives are expanding rapidly in terms of content and

influence in organisations, providing for closer and better linkages between HRM and other management function. And based on this study, HR departments have to:

- design the workplace and draw up the HR strategies;
- provide training for the skills that talented people may not possess;
- motivate them;
- monitor their performance;
- make sure that their work environment is safe;
- make sure that their voices are heard through internal consultations.

It is therefore necessary to establish an HR department whose organisational role and structure are consistent with and contribute to the attainment of the organisation's mission and strategic objectives. This therefore demands that management development institutions like UMI must be prepared to train and pass out graduates who have the capacity to: link HR policies and programmes to the organisation's mission and service outcomes and understand better the inter-connectedness of the different managerial functions; apply organizational development principles; adapt HR services to the client's organizational culture; design and/or carry out HR services that incorporate business system applications; and use HR principles that change business process to improve its efficiency and effectiveness. The HR department staffed by people capable of transacting such activities will ultimately add value to the organization.

#### ***HR Skills and Knowledge***

Based upon the study findings on the HR skills and knowledge of HR executives, several issues stand out. First, HR leaders face the task of raising stakeholders' expectations of human resources in adding value to discussions of shaping business strategy. What is needed in order for the HR manager to become more of a strategic partner in Uganda enterprises? The consensus seems to be that change is required in both the skills of individuals in the HR function and the way the HR function is organised and carries out its activities. HR executives not only need to have competences having to do with the business issues involved in strategy and strategy development, they need to be able to contribute to organisational design and change management. As far as the organisation of the HR function is concerned, it needs to be structured to carry out the basic administrative functions as well as being a strategic partner. The HR leaders are not in position to abandon completely the basic transaction responsibilities associated with workplace management such as writing job descriptions, developing performance appraisal

instruments, creating a recruitment programme, conducting needs analysis etc. The HR staff must also be structured and developed with appropriate skills so that they participate in decisions concerning strategy development, strategy implementation, change management and organisational effectiveness. This is a tall order. It puts HR professionals in Uganda enterprises in the same boat as anyone else – needing to change in life-long learning and systematically to assume new roles in order to expand perspectives and lead second – order change. This will inevitably call for the HR curriculum in management education institutions such as UMI to be overhauled to ensure that it addresses all the modern competences needed of the HR practitioners.

As revealed by this study, at the business unit level HR partners must work closely with the CEO and his/her team to assess, diagnose, and develop the alignment of the organisation with strategy and aspirational values. This role will demand of the HR specialist a deep understanding of the business, plus expertise in organisational design, organisation change, and intervention methods. Analytic and interpersonal skills needed to facilitate change will also be essential. Practitioners should be scanning the outside world to identify and bring in, adapt and improve best practice. This is not a matter of blindly following the latest fashion, but requires skills and knowledge in evaluating the practices of competitors and comperators in their industries. It is therefore important that HR managers must champion innovative ideas and practices and promote sharing of knowledge across the organisations. Gradually, managers will understand and accept the strategic role of HR leaders and encourage their participation in decisions that drive the future success of the business.

As observed in the literature that we have reviewed under this study, the HR professional will need various competences while transacting the different roles expected of him or her. For example, as a strategic partner, he/she must possess competences in organizational awareness, change management, customer service etc. As an employee champion, he/she must have interpersonal skills, oral communication, flexibility and ability to negotiate. To be able to work as a functional expert, the HR person will need technical competence, information management, organization structures, skills etc. And since he/she is expected to act as an HR leader, this requires an ability to set and enhance the standards for strategic thinking, planning and evaluation and generally ensuring corporate governance. These are the sort of competences to which management education institutions must address themselves if they are to remain relevant to the labour market. And obviously the curriculum for the “new” HR professional must accommodate all those important aspects of

human resource management in organizations. UMI inevitably needs to have these demands in its strategic development focus.

#### ***The HR Role for Line Managers***

The study findings reveal that the majority of line managers in Uganda enterprises are engaged in the HR function. Managers and HR professionals understand and agree that line managers are the people leaders of their organisations and as such, they are ultimately accountable for some of the human resource functional activities. Such activities include the traditional personnel functions like performance appraisal, grievance handling, motivation of employees etc. This indicates that there is a shift of HR responsibilities to line management. The motivations for this trend are diverse – a desire to reduce HR overhead cost, breakdown functional barriers between line and staff, and locate responsibility and delivery of HR as close as possible to the point of production – but the end result is to take tasks traditionally done by HR staff and transfer them to the operations side. Arising out of this development, the line managers' roles become that of initiator, counsellor and facilitator. In addition to their respective professional functions, line managers must encourage effective team work and cooperation and develop subordinates rather than rigidly controlling them.

Unfortunately however, the findings reveal that a number of line managers are not adequately trained in the HR functional areas. Many of them have acquired some of the HR skills on the job but obviously this does not make them proficient enough. There is therefore need for the line managers who are involved in the management of people under them to be properly trained in the areas they normally transact. This weakness or skills gap on the part of line managers can be translated into an opportunity for management development institutions such as Uganda Management Institute to develop and market tailored HR training programmes for these managers.

#### ***Training and Staff Development***

As pointed out by Christensen (1997), human competence is the engine behind the creation of value. Indeed this is supported by the study findings that organisations in Uganda recognise training and development of their staff as a source of competitive advantage and improved productivity. Although a number of organisations put aside limited funds for training, they realise that continuous learning is essential to ensure the survival of organisations and continuance of jobs since effective learning is the cornerstone of performance. This reflects a realisation that in those organisations where training does not

keep pace with changes, the future is gloomy because organisational success is generated by people.

However, the existing informal and reactive training of staff in organisations need to be made more formal and proactive. This might require working hand in hand with training providers to work out training interventions which bring immediate positive results to organisations. Sometimes organisations believe that training courses offered by training institutions generally lack a touch of reality for they are too academic and theoretical in nature. It therefore requires such training programmes to be designed with inputs from the stakeholders. And in order to achieve a positive impact of the training intervention, it is imperative to address the following questions when designing the programmes: (i) Will the employee acquire knowledge and expertise in an area that would enable him/her to perform more effectively on the job? (ii) Will the employees performance improve after the training? And (iii) How will the change in employee's performance affect the achievement of the business strategy and performance of the organisation? Obviously, this will require organisations to monitor and evaluate their training programmes to ensure that trainees utilise their knowledge and skills.

### ***Industrial Relations***

This study has revealed that the industrial relations system in Uganda is bedevilled by internal weaknesses within the social partners i.e. government, employers' and workers organisations. The role of trade unions in industrial relations in Uganda is increasingly under threat. Trade unions have suffered setbacks in membership and the prevailing investment climate does not favourably encourage unions to organise and recruit. Obviously, if unions do not have enough membership, then they will not have enough resources with which to provide services to their members, and if they do not provide services to their members, then there is some scepticism in members wanting to join the unions and that further restricts their membership and reduces their strength. On the other hand, the unions have failed to effectively address the negative effects of economic reform policies on their members. The unions have achieved less success in arresting the widespread terminations and retrenchment of workers. They have made less impact on employers as regards the use of collective bargaining machinery and much less on government in influencing public policy, or ensuring that employers comply with labour legislations in the country. This is happening despite the fact that workers are currently represented by five members of parliament in the country's legislative body. These developments have naturally dented the



image of the unions among their members and the recalcitrant employers have pleasantly welcomed the development.

The role of the Uganda government in the promotion of viable industrial relations in the country present a paradox. On the one hand, the government has promoted the strengthening of trade unions, by giving constitutional recognition (see Articles 29 (1)(e) and 40 (3) of the Uganda Constitution) to the right of all workers to form or join the trade unions and to engage in collective bargaining. In the same way, the government has equally ensured workers representation in parliament, so as to give minimum voice to workers as a group. What is however confusing and surprising the same government has tacitly supported the weakening of the trade unions by implicitly suggesting that employers (particularly foreign investors) were free to decide whether or not they wanted the union in their organisations. The government has also done little to promote employers' observance of existing legislations. As it would be expected, such double-standard has put a wedge in the relationship between the trade union movement and the government, with the former accusing the government of colluding with employers to exploit the workers of Uganda. This trend has resulted in less and less organisations recognising trade unions as discovered by the findings of this study. Worse still, although government maintains a ministry responsible for labour matters with a department of industrial relations headed by a commissioner, may be due to internal organisational and administrative inertia and underfunding, the ministry, supposedly the senior partner in the industrial relations system, seems to have failed to promote sound labour relations and tripartite consultations. This has created a very big credibility problem for the ministry and inevitably for the government, contributed by its inability to create and service the important tripartism through which the three social partners are expected to consult regularly on labour and social issues and keep tripartism alive.

Employers have equally contributed to the existing weak industrial relations system. Although officially the Federation of Uganda Employers (FUE) to which most of the big employers belong appreciate the complimentary role of trade unions, a number of individual employers are sceptical about the trade unions' role. They look at unions as bodies bent to increase their operational costs through wage demands and better terms and conditions of service. And possibly because of the employers' failure to appreciate the role of trade unions at workplaces, some employers may perceive trade unions as a threat to their executive prerogatives which they must therefore "safeguard" by refusing to recognise unions which would eventually result into collective bargaining and joint consultation with

the workers organisations. The up-coming investors in Uganda have been accused by union officials of being anti-union and this is partly explained by the findings of this study which discovered that in the majority of the enterprises investigated trade unions were not recognised which automatically reduces the numbers of employees who would have wished to join the unions. The current rampant unemployment in Uganda also plays in the hands of the employers who are anti-unions as very few workers would risk joining an organisation which is not liked by their employers for fear of a possible loss of their jobs. Obviously such an environment is not conducive to a vibrant growth of positive industrial relations in the country.

Although HRM as perceived in the developed world emphasises individualism (rather than collectivism), unitarism (rather than pluralism) and consultation (rather than negotiation and agreement) it possibly can not be fully implemented in a young country like Uganda where levels of illiteracy among workers and the desire to exploit employees by employers are very high. Workers in Uganda still need the representation of responsible and democratic trade unions and skilled leadership to promote their interests. This therefore requires a progressive employment relationship which promotes “partnership” among the social partners. There is no agreed definition of partnership at work but it implies, as the CIPD (2000) has suggested, “a sense of common action and purpose”. It also suggests the development of a long-term relationship in which the partners will be more concerned with developing value and performance than with short-term negotiations over shares of the results. In good partnership arrangements each party has regard to the needs of the other, and the needs of customers and investors, and in this sense a partnership with employees seems to contain elements of the “Complementary” approach.

There is no doubt that structural adjustment programmes (SAPs) as discussed under the Third Learning Goal have thrown a lot of challenges to both employers and workers in Uganda. However, in order to survive the stiff competition employers have to rely on increased productivity of workers and smooth labour relations which will not necessitate unnecessary stoppages in production. On the other hand, workers feel very demoralised as a result of the decline in real wages and rampant job insecurity, all of which affect their productivity and make industrial relations vulnerable. It is important that both parties realise that the situation has not been of their own making but ways have to be found by both to survive. This inevitably calls for reforms in the labour relations system. What seems to be the appropriate policy concern should be the readiness and willingness of the social

partners to develop a tripartite strategic response to the enormous environmental changes that continue to impact on the ability of organisations to compete in a global market.

Good industrial relations implies the establishment of cooperation between employers and employees in an endeavour to further the best interests of both. Confrontational labour relations will most likely lead to the death of enterprises and ultimate loss to both workers, employers and business owners. There is therefore need to replace confrontation with cooperation and to put the survival of the enterprise first before anything else. Labour – management cooperation should result into measurable outcomes. These outcomes, equally weighted, include human development, human dignity, democracy, quality and productivity. This cooperation is enhanced by joint decision-making, participative management, consensus techniques, and improved skills in problem-solving, and communications. This demands that all parties in the social system must of necessity learn how to deal with one another. It will require them to obtain knowledge and skills in industrial relations which this study finds to be lacking among managers of enterprises in Uganda. Institutions like UMI must also play their role in imparting industrial relations knowledge and skills among the students whom they train. The curriculum for the HR students and to a certain extent for the other student-managers should have an input on industrial relations. Such IR knowledge among managers would gradually assist in changing the negative attitude towards trade unions which a number of managers hold.

#### ***The Study Implications to the Uganda Management Institute***

The results of this study have a number of implications for management education institutions such as the Uganda Management Institute. The findings have re-emphasized the importance of human resources in Uganda enterprises and the need to manage them properly since people in organisations are a source of competitive advantage. The study has reiterated that the management of human resources demands greater emphasis in organisations. The HR function must therefore claim its place at the table as a key player in determining organisational strategy and success. This requires human resource executives and other line managers to become better equipped with HR skills to fulfil a more broadly defined leadership role as actively contributing members of the management team. Most importantly however, HR/IR managers need to develop more fully their capabilities in developing HR strategy and leading change. Meeting the requirements of this role requires developing their capabilities in defining people – related business issues, defining the organisational situation, formulating HR strategy and action plans, and integrating HR plans with business plans. As reflected by the study results, the successful HR/IR manager of the

new millennium must have a much broader business perspective mix of skills than was true five, ten or, certainly twenty years ago. As in earlier years, HR professionals must know the technical and administrative side of traditional personnel functions. To focus on value creation, HR/IR professionals should become experts in the organisation's core business. They must ask what the organisation has to do to position itself for greater growth and profitability, as well as what demands this positioning will place on the organisation's people. Which departments must work together? Which characteristics will employees need, and can employees who lack such characteristics learn them? What kind of behaviours are desirable, and what systems would motivate the desirable behaviours? Answering such questions must be routine in the HR department of the future in Uganda yet most HR departments today are not structured to have the time and/or skills to focus on answering them. Therefore both the enterprises and the management training institutions like UMI must contribute towards the achievement of this vision. The enterprise should provide a place for the human resource function and the management development institution by helping to provide the intellectual and skills content that will give the HR function leverage. Organisations, of course, do not hire people with college degrees just for the sake of the degree. They are interested in obtaining people with specific skills and competences that will contribute to the profit objective of the organisation.

It therefore follows that there should be much collaboration between the world of business and the management education institutions. In Uganda, management education institutions such as UMI should collaborate with various stakeholders e.g. employers, practising HR managers, the Federation of Uganda Employers (FUE), and trade unions organizations like the National Organisation of Trade Unions (NOTU) to ensure that the management education given to both practising and potential HR managers is relevant to their needs. The results of this survey suggest several competences which practitioners would like their HR executives to have and this provides both HR and industrial relations educators with guidelines to improve their curricula which must be relevant to business. The study therefore suggests several implications for the design and delivery of HR educational programmes in institutions like UMI. It also suggests that there should be constant consultation within the framework of Labour Market Information (LMI) systems to produce the kind of skills required thus improving the performance and employability of those who qualify from those institutions. For example the finding that managing change is necessary for HR professionals, suggests that HR programmes need to teach the participants on such programmes how to manage change in some reasonable details. The study further reveals

that the issues that HR practitioners are most concerned with include virtually all the common HR activities e.g. write job description, performance appraisal, recruitment and conducting training programmes. These findings suggest that the curriculum should ensure that students are well trained in these aspects. Students must therefore be trained how to design, implement and evaluate HR programmes. Institutions such as Uganda Management Institute must therefore have curricula which result in producing HR professionals who must create the practices that make employees more competitive, not more comfortable. The HR professionals which management education institutions produce must master both theory and practice. They must be able to translate their work into financial performance and therefore add value, not reduce costs. The HR professionals groomed by such training institutions should also be able to join with other managers in championing HR issues as advised by Ulrich (2005) and others. The HR role, as discussed earlier is now more challenging than it was in the previous years and therefore management educators must tune themselves to these challenges as well.

The importance of management skills suggests that participants on the HR programmes need to be given opportunities to develop skills in leadership, problem solving, decision-making, consulting and oral and written communications. They need to be engaged in assignments like managing team projects, motivating group members, and facilitating class discussions. The assignment of group projects is one obvious way of providing HR students the opportunity to observe group dynamics. Technical knowledge and administrative skills in HR/IR remain very important, but what organisations place higher value on is people with excellent management and leadership skills, such as the ability to complete a project under budget and the vision and interpersonal skills to lead a special employee task force.

Since employers need HR managers who must master both theory and practice the pedagogic issues should also be seriously considered by UMI. While at the moment the lecture method is mainly used, case studies must also be emphasized and applied in UMI's deliveries since this method provides both theory and practice to the students. Case studies describe actual business situations. In that respect dealing with cases is very much like dealing with the problems that managers encounter daily. In addition, cases help students sharpen their analytical skills. They work with facts and figures to produce quantitative and qualitative evidence, supporting recommendations, and decisions. And challenged by both instructors and colleagues to defend their arguments, students develop and increasing ability to think and reason rigorously.

Employers want their HR/IR professionals to be more informed about other functional areas of business such as accounting and finance, and have a better grasp of the economic fundamentals of the firm and industry. This implies therefore that the curricula must reflect the need for greater business knowledge and strategies by the students. Strategic management must therefore be part of the content of the HRM curriculum. Furthermore, with the delegation of more functions to line management and greater emphasis on employee involvement and organisational change, HR staff assume a larger role as facilitator, coach, internal consultant and problem solver. Well developed consulting, interpersonal and conflict resolution skills become more highly valued and must therefore be part of the training menu in institutions offering HR programmes.

All in all, the broad challenges that management education institutions like the Uganda Management Institute face is primarily how to design and implement effective HR/IR training programmes that appropriately take into account the environment within which that training must be applied. The Uganda Management Institute will need to address these challenges by providing appropriate responses to the following questions:

- i) How can we best make assessment of the relevant work environment factors a part of the initial training needs assessment?
- ii) How can we best incorporate any needed work environment factor interventions into the training programme design and development?
- iii) How can we best build monitoring of relevant work environment factors and their impact on training transfer into our routine training evaluation procedures?
- iv) How can we best collaborate with the relevant stakeholders such as employers, HR practicing managers, trade union officials etc to produce a curriculum that adequately meets the current labour market needs?
- v) What kind of research should UMI undertake so as to enrich its deliveries and image?

The answers to the above questions must obviously be provided by faculty members who must be well trained and experienced. This therefore calls for UMI to invest in faculty development. It is true that UMI has well qualified staff but unfortunately some of them do not have much practical experience in HR/IR, particularly in the early years of their training

careers. Similarly, the pace of change in the business world is happening so fast that even those faculty with close business ties find it increasingly difficult to stay abreast of new technologies and organisational practices. These facts together with the HR/IR competences outlined above that faculty are being asked to provide to HR students, makes it imperative that UMI invests more resources in faculty development. This can be done through involving the professional staff in executive HR education, faculty internship with enterprises and building a research consortium with local organisations. This will make the training staff to be fresh with the professional and environmental developments and thereafter provide quality training which is relevant to the needs of the stakeholders.

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## **LEARNING GOAL NUMBER FIVE**

**Uganda Management Institute:  
The Strategic Direction**

# CHAPTER ONE

## INTRODUCTION

### BACKGROUND

Africa's universities and tertiary institutions stand in a crisis and at a pivotal point in their development. As rightly observed by Saint (1992), the mandates and operational guidelines given to them at independence now require reassessment as a result of changes in the world, in Africa and in the institutions themselves. Internationally, the emergence of global markets has created a competitive world economic system characterized by rapid knowledge generation and technological innovation. Obviously, such changes affect local labour markets and the type of skills they require. And as pointed out by Olu Fadahunsi (2002), these training institutions were created to develop human resources for both the private and public sectors of their respective national economies. However, while management institutions in Africa can certainly lay claim to some achievements, there has been concern regarding their ability to cope adequately with the pressing demands, without a substantial improvement in their organizational structures, their programme contents and how they are delivered plus their faculty (see El – Khawas 2001; Thomas 1998; Gornitzka and Maassen 2000; Braimoh 1999).

As a consequence to these developments, higher education and particularly management education worldwide are making needed changes to attend to a series of common challenges. These issues include responding to emerging societal demands and to new economies, diversifying revenue streams, improving and demonstrating quality while controlling costs, competing with new providers, capitalizing on emerging technologies, and confronting globalisation, among others (Eckel 2001). Some observers say these challenges suggest that institutions of higher learning can no longer afford to operate in familiar ways and conduct business as usual (Newman 2000). Instead, many institutions of higher learning have and others will continue to undergo vital changes in how they work, in the type of education and research they deliver, and in the ways they contribute to the local, regional and global communities and economies (Gibbons 1998; Kay 2000). This is necessary because educational institutions play an essential role in development (Al-Turki and Salih 2003). They support national, regional and global development strategies with the

necessary highly qualified manpower and research. And obviously, the success of educational institutes in achieving this role necessitates for them to have a strategic plan supported by mechanism for monitoring, controlling and adjusting it.

As already mentioned by this writer in his Learning Goal No.1, Uganda Management Institute is the national center for training, research and consultancy in the field of management and administration. UMI's vision is ***To be a world-class management development institute*** while its mission is ***To excel in developing sustainable management capacity***. The corporate objectives of the Institute as outlined in the first Learning Goal include the following:

- To improve knowledge, skills and attitudes of public, private and NGO managers at all levels.
- To provide consultancy services for good governance and sustainable development.
- To influence governance through improved research.
- To build an effective, efficient and competitive institution.

The legal mandate of the Uganda Management Institute is contained in the Universities and Other Tertiary Institutions (UOTI) Act, 2001 as amended by The Universities and Other Tertiary Institutions (Amendment) Act, 2006. The relevant legal provisions empower UMI to promote sustainable development through:

- Imparting professional skills and knowledge.
- Providing management training, research and consultancy services.
- Conducting examinations and granting certificates, diplomas, degrees and other awards.

### **The Problem Statement**

Gareth Morgan (1998) in his highly celebrated publication: ***Images of Organisation*** asserts that while managing and organizing are challenging in the best of times, the difficulties are compounding in today's environment of rapid change. He further observes that organisations, like organisms are "open" to their environment and must achieve an appropriate relation with that environment if they are to survive. Presently, the Uganda Management Institute is operating in an environment that offers great opportunities but which also contains numerous challenges. On a positive note, since its establishment in

1969 (as Uganda Institute of Public Administration), UMI has been able to build a strong goodwill and has developed a wide client base in public, private and non-government Organisations (NGO) sectors. Unfortunately, with the coming on board of many local and international providers of management education in Uganda as a result of the globalisation phenomenon and liberalisation of the economy, UMI is coming under increasing competition which must be addressed if the Institute is to continue pursuing its mission of developing sustainable management capacity. Furthermore, UMI's limited facilities are constraining its expansion while at the same time some of its systems, methods and practices are not yet sufficiently robust to ensure maximum operational efficiency. It is therefore imperative that all these issues are addressed if the Institute is to transform into a world class management development institute (MDI).

This learning goal which is within the overall intention of the writer's Doctorate of Business Administration (DBA) programme of conducting a critical and strategic analysis of the environment in which the candidate's organisation operates, with the major aim of paving an appropriate strategy through which UMI will achieve survival, sustainability and development. This is necessary because Uganda Management Institute must take a close account of its environment to stand any chance of survival.

### **The Study Objectives**

The general objective of this Learning Goal is to examine Uganda Management Institute's (UMI) strategic options, noting that within the next 5 - 10 years, major changes in demand and supply of management education are likely. UMI as a management education institution needs to develop careful strategies that consider the drivers of change such as globalisation, technologies, demographic shifts and deregulation. This particular Learning Goal will draw on what has been done in the previous learning goals (1, 3 and 4), pulling it together in the form of a critical assessment of options for UMI's approach to the external market and for the re-focusing and upgrading of UMI's internal resources and organisation. The main objective is to reach some conclusions on an appropriate strategy for UMI looking 5-10 years ahead but focusing on the most immediate steps to create a platform for longer term development. Given the rapidly changing environment and its implications for management education, UMI should be looking at an emergent or crafted strategy which can be adjusted to further changes as they appear necessary with new threats and opportunities in the environment. Such a strategy will need to be supported at a practical

level with a business plan for UMI and probably for the various departments within it to ensure a good fit between what they are doing and the objectives of UMI as a whole.

As earlier discussed in Learning Goal No.1, the choice of strategy of any organisation will depend on its analysis and understanding of: (i) the external environment: the economy in its international context, the structure of the national economy, its development and human capital, the structure of the market for management education, the principal competitors operating in the market including the provision or potential of international business schools, expressed needs of the market and its preferred means of delivery of these programmes – which brings in the technological dimension of the environment. This analysis may lead to the identification of gaps in the current market provision which might be available for UMI to exploit. (ii) The internal environment: the resource base and the distinctive competitive capabilities of UMI which it will want to use to enhance its reputation, build its market and increase its revenue. Obviously UMI will also need to pay attention to the constraints within this internal environment. Such constraints will suggest gaps or omissions which UMI will want to put right in order to be able to pursue a successful strategic pathway.

### **Methodology**

This writer was inevitably drawn into action research (AR) approach because of the nature of work-based research in Uganda Management Institute (UMI) of which he is a part. As observed by Eden and Huxhan (1996), AR aims to contribute both to practical concerns of people in an immediate problematic situation and to further the goals of social science simultaneously. Thus there is a dual commitment in action research to study a system and concurrently collaborate with members of the system in changing it in what is together regarded as a desirable direction. This is because AR projects search for “direct” organisational improvements.

Action research (AR) involves research intervention in real life contexts in order to both improve those contexts and, at the same time, generate relevant scientific knowledge (Jonsson 1991; Peters and Robinson 1984). That intervention may target core business improvements, such as building or expanding the existing learning skills of the organisation (Eden and Christolm 1993; Whyte et al. 1991). Accordingly, the study involved the collaboration and cooperation of the researcher with UMI stakeholders who included government officials, private sector, UMI staff, students and other customers. As stated by Gina Wisker (2001) the key features of action research are that the researcher and those



being researched are in partnership. It was therefore felt that an action research methodology which brings together the UMI stakeholders to devise solutions to its current problems would be most appropriate. As the name suggests, action research is a methodology which has the dual aims of *action* and *research*:

- *Action* to bring about change in some community, organisation or programme.
- *Research* to increase understanding on the part of the researcher, or client or both (Bob Dick 1993).

And accordingly, the study was largely exploratory, descriptive and analytical utilising both secondary and primary data.

#### ***Data collection methods***

Data collection as defined by Guapta (1999) refers to a purposive gathering of information relevant to the subject of the study from the units of investigation. There are obviously several ways of collecting the appropriate data but the choice of the method depends on factors like money available, time and other resources at the disposal of the researcher. Accordingly, the primary data of this study was collected by observation and personal interviews. On the other hand, secondary data was collected through reviews of books, journal articles, reports, Internet and studying administrative and operational records in UMI and other competing training institutions like Makerere University, Makerere University Business School (MUBS), Martyrs University, Nkozi etc.

#### ***Observation***

The action research methodology in most cases will utilise observation as a method. Whereas interviews and questionnaires elicit responses from the subjects, it is possible to gather data without asking respondents questions. Organisational systems, procedures and people can be observed in their natural work environment and their activities and behaviour or other items of interest can be recorded (Serakan 2000). Robson (1999) states that observation can be used for several purposes in a study. It is commonly used in an explanatory phase, to seek to find what is going on in a situation. It can also be used as a supportive or supplementary technique to collect data that may complement or set in perspective data obtained by other means.

The writer being an employee of the Uganda Management Institute for over ten years thought that he had been in the organisation long enough to observe and assimilate what was going on at UMI. He therefore considered himself a dependable resource to observe and analyse from available evidence both the internal and external environment of UMI.

However one of the problems of participant observation is that the observer could be too close and too involved in what is going on, and have absorbed the organisational culture, which can affect values and judgements. In order to minimise this problem, the writer made a deliberate effort to remain objective and critically impartial.

According to Deuscombe (2000), observation does not rely on what people say they do or what they say they think but it draws on the direct evidence of the eye to witness events first hand. It is based on the premise that, for a certain purpose, it is best to observe what actually happens direct from the field or from real life situation or from the natural setting. The writer therefore being one of the long serving UMI faculty members found the method very useful as he was able to closely follow up events at UMI and its external environment from year to year, which observation was considered useful in contributing to the strategic direction of UMI.

#### ***Personal Interviews***

Several respondents who were considered to be among the key stakeholders of UMI were purposively selected for the personal interviews. As shown in Table 1.1, these included 7 CEOs from the private sector, 10 senior government officials, 20 human resource managers, 30 UMI students and 20 UMI faculty members making a total of 87 respondents interviewed. Selecting these particular respondents was not difficult as the writer almost used the same respondents as those used for Learning Goal No.4. The selected interviewees were considered to be useful informants whose views because of their experience in management and training would have good relevance to UMI. As Ardichvili and Gasparishvili (2001) point out, key informant interviews are used in exploratory studies, when there is need for acquiring general descriptive information about a phenomenon or system, and when one of the primary purposes of the study is to generate suggestions and recommendations as the case was with the study at hand.

The interviews which used semi-structured interview format that included both closed and open ended questions provided rich verbal descriptions (qualitative data) and some quantitative data. The writer found the method useful because it provided room for further probing on questions which he thought were not well answered and made it possible for him to refocus the discussion.

**Table 1.1: Categories of Interviewees**

<b>Category</b>	<b>Respondents</b>
CEOs	07
Senior Government Officials	10
HR Managers	20
UMI Faculty	20
Students	30
<b>Total</b>	<b>87</b>

### **Study Lay – Out**

This Learning Goal No.5 consists of four chapters. Chapter One provides an introduction, the problem statement, study objectives and the methodology employed. The second chapter discusses how UMI can respond to the environmental challenges in order to survive and develop while the third chapter relates to UMI's internal strategic issues. The final chapter provides the conclusions and recommendations plus the implications of the study findings in Learning Goals 1, 3, 4 and 5 to the Uganda Management Institute.

## CHAPTER TWO

### A STRATEGIC RESPONSE TO UMI'S EXTERNAL ENVIRONMENTAL CHALLENGES

#### Introduction

The purpose of this chapter is to focus on the environment surrounding the market in which UMI operates. The interest is in the environmental trends and events that have potential to affect strategy, either directly or indirectly. It is necessary and important that environmental analysis should identify such trends and events and estimate their likelihood and impact. We need to analyse the environment since environmental factors are primary influencers of strategy. Environmental analysis would give us time to anticipate opportunities and to plan alternative responses to those opportunities. It would also help us to develop an early warning system either to prevent threats or develop strategies which may turn a threat to UMI's advantage. As Aaker (2001) has observed, it is very easy to get bogged down in an extensive, broad survey of trends. However, our analysis will be restricted to those areas relevant enough to have a significant impact on UMI's strategy.

Since 1992 when Uganda Management Institute (UMI) was established by the repealed Uganda Management Statute No.6 of 1992 (now replaced by the Universities and Other Tertiary Institutions Act No.7 of 2001), it has transformed into a dynamic management development institute (MDI) whose contribution to Uganda's development is recognised locally and abroad. The Institute has fairly pursued its mission of *excelling in developing sustainable management capacity* out of the conviction that the key to Uganda's development lies in building critical mass of highly qualified managers in public, private and NGO sectors to facilitate effective utilisation of scarce resources. Unfortunately, as the case is with other organisations, UMI is now operating under a turbulent global environment where stiff competition is now accepted as a business norm. No organisation will survive unless it effectively addresses the "competition-polluted" environment. As we face the onset of the new millennium, the pace of change continues to accelerate, fuelled, to a large extent, by the technological change. Beyond the campus, commerce, industry and society in general are undergoing constant transformation. Therefore, in order to initiate the

inevitable changes and beat the competition (both local and global), UMI must carefully visualise its future today and accordingly pave appropriate strategies for that future.

The discussion and findings from the author's Learning Goals 1, 3 and 4 reveal that Uganda Management Institute values excellence, innovation, enterprise and social responsibility. In doing so, the Institute aims at:

- Being a modern, forward looking (strategic), enterprising and a world-class management development institute (MDI);
- Being a leading provider in Uganda and the region of management education and training with a distinctive academic portfolio focused towards the management profession, employment and continuous professional development;
- Breaking down the barrier between education and work by providing flexible and convenient learning opportunities that enhance work and personal prospects; and
- Underpinning teaching with research that is directed towards knowledge transfer and outreach activities.

The generally held expectation is that by aiming at the above objectives, the Institute would achieve its vision of being "a world-class MDI" and the mission of "developing sustainable management capacity". It would however be wishful thinking if anyone expected UMI to fully achieve its strategic vision within less than 10 years when its current standing and resource availability are carefully considered and analysed as the writer has done in Learning Goal 1.

As stated in the first Learning Goal, we need to investigate UMI's strategies, resources for and challenges in building a sustainable management capacity in Uganda. This chapter therefore attempts to set out a menu of strategic choice for UMI and then follow this in the last chapter with our own justified choice from this menu.

### **The National Environment**

While scanning or analysing the environment in search of opportunities, UMI cannot ignore reviewing the prevailing level of economic, social and political developments in Uganda. The economy in its international context, the structure of the national economy, its development and human capital, the structure of the market for management education, the principal competitors operating in the market including the provision or potential of international

business schools, the expressed needs of the market and its preferred means of delivery of these programmes deserve some critical analysis of their impact on UMI strategy. This analysis may lead to the identification of gaps in the current market provision which might be available for UMI to exploit.

The United Nations (UN) has identified a group of 49 countries as the “least developed” in terms of their low GDP per capita, their weak human assets and their high degree of vulnerability. Uganda is listed among these least developed countries (see Uganda Vision 2035). Uganda also belongs to the low income countries and its ranking in 2002, as expressed in the Human Development Index is 146<sup>th</sup> out of the total 177 reported countries. Per capita income is low around US\$310 in 2003, foreign exchange receipts are low (less than US\$500 million); and the country is highly dependent on donors to finance its overall budget (World Bank 2002). Despite tremendous economic growth rates realised in the last fifteen years (1990 – 2005), Uganda still finds herself in a situation where poverty is pervasive throughout most sections of society (see Background to the Budget 2005/2006). The proportion of the population living below the national poverty line (38 percent in 2003) was corresponding to 9.8 million people against a national population of 25.8 million in 2003; with significant variations according to region, sex and social status (Uganda Bureau of Statistics 2003).

The above situation depicts a negative environment which is a big threat to Uganda as a nation. However, UMI with a better strategic approach to its vision and mission can turn that national threat into one of its biggest opportunities. Of course, Uganda as a nation will need various players to reverse the situation and UMI can be one of them in its role as a developer and promoter of sustainable management capacity. This is because in order to achieve equitable national development, programmes of human resource development must be dramatically enhanced. There is need to provide human resource development through education, skills development and other programmes to ensure the creation of socially and economically strong communities. UMI being a national centre for management education, research and consultancy is expected to contribute to national development through promoting the management skills of the people that will eventually create wealth for Uganda. This is because in the quest to move vigorously ahead, nothing is more important than the development of human resources. This point was well emphasised by one of the human resource managers interviewed by the writer when her views were sought on what the role of UMI should be in national development. She replied as follows:

*The experience learnt from the economic tigers that have been poor in terms of national resources, is that the most important resource of any nation must be the talents, skills, creativity and will of its people. The people are the country's most fundamental resource and therefore the government through institutions such as UMI must give the fullest emphasis possible to the development of this ultimate resource.*

The findings by this author through his earlier Learning Goals 1, 3 and 4 revealed that Uganda has a sharp resource deficit in areas of business and public management, production, marketing, human resource management, financial analysis and investment management and yet these are critical areas for a liberalised economy like Uganda. The demand for management skills development as the writer has unearthed in the previous learning goals are supported by a number of recent government and policy initiatives which include:

- Poverty Eradication Action Plan 2004/5 – 2007/8;
- Implementation of a programme of structural adjustment (SAP) which include public sector and civil service reforms;
- Decentralisation leading to the creation of more autonomous local authorities;
- Privatisation and public sector development;
- Donor support especially in the areas associated with economic management reforms and capacity development in the public and third sectors;
- Emergence of an active and growing indigenous voluntary sector supported by the government and the donor community;
- Continuous expansion of the informal sector and its importance to the national economy; and
- A growing economy characterised by more open and competitive markets.

There is no doubt that the above mentioned developments in Uganda require the enhancement of the managerial and technical capacity of the organisations and institutions involved in the implementation. And obviously, UMI cannot afford to ignore that opportunity. The findings by this writer in the several Learning Goals he has covered, indicate one common, unifying theme that runs through those Goals. They all reflect the need to develop management skills and knowledge needed by policy makers and managers for them to be efficient and effective. And therefore, in order to meet the challenges of the future, UMI can contribute to the drive which seeks to improve the performance of the various institutions contributing to national development. For example since management development institutes (MDIs) such as UMI are expected to be think-tanks in policy

development and management, UMI can contribute a great deal to the organisation of debates, the dissemination of knowledge and the latest thinking, and the sharing of the best practices. Very often questions have been raised as to whether Uganda's public servants have the credibility and impartiality to manage the various political, economic, social and technological reforms when a number of them lack sufficient skills and knowledge base. These questions all point to the need to strengthen the public administration as an integral part of policy reform. One useful and innovative strategy in this respect, for strengthening the autonomy and professional competence of public servants, is through the use of institutions like UMI which have a mandate to conduct management research, offer policy advice and train managers in the management of the new responsibilities and functions.

Many other opportunities for UMI are available in various sectors of the Uganda's economy. For example since the early 1990s when the structural adjustment programmes (SAPs) were introduced as discussed under the third Learning Goal, the government has stressed the importance of the private sector and how the country is entrusting economic growth to the private sector as the engine of growth (Uganda Vision 2025). Although the sector is still young, it is estimated that nearly 90 per cent of the private sector in Uganda are micro and small enterprises, employing over 80 per cent of the total workforce in the country (Vision 2035). There are however still major bottlenecks towards making Uganda's private sector a major economic activity and a real engine of growth responsible for the country's economic growth and social transformation. As pointed out in Uganda Vision 2035, the bottlenecks relate to access to technology and the general lack of technological capacity; negative attitude of the people; limited access to credit; poor management systems; insufficient incentives; high production costs; low productivity and low profitability. They also relate to high product prices; low product quality; lack of competitiveness; lack of proper guidance and support; corruption and bureaucracy. Obviously, UMI cannot provide the answer to every constraint mentioned above but it can be an active participant in strengthening the Uganda private sector. This could be done through research and consultancies; tailor-made training in various managerial disciplines e.g. entrepreneurship, human resource management, marketing, finance and accounting. UMI can also contribute by building a strong partnership with the private sector. In fact the Institute should think about joining the Federation of Uganda Employers (FUE) which is the umbrella association of major employers in the country. Joining the Federation is likely to give UMI better access to the private sector which will eventually lead to a strong partnership that is likely to generate more business for the Institute since the private sector will need to train their workforce.



This need for training was expressed by one of the FUE officials when he informed the writer that:

*In the development of Uganda's human resources, the private sector has the most important roles to play in terms of training their own human resources; equipping them for their changing tasks; looking after their interests; upgrading their skills; managing them well; and rewarding them for their contribution.*

The need for training in the private sector was further stressed by one of the CEOs who wanted entrepreneurship to be one of the important areas which management training institutions should address. He made the following remark:

*The importance of entrepreneurship and entrepreneurial development is crucial in as far as the development of domestic private investment is concerned. It is a key for the development of a vibrant private sector. It is an area that has for long been ignored which perhaps explains the problem of the shortage of successful entrepreneurs in the country. Efforts in creating a strong entrepreneurship base would help bring about a strong and dynamic middle class. UMI should therefore train our people to be successful entrepreneurs.*

The above sentiments indicate that the private sector needs to raise its levels of entrepreneurship and management expertise so as to become one of the primary foundations of Uganda's future industrial thrust. From the study, particularly under the Third and Fourth Learning Goals, a number of management areas were identified as being of crucial concern to private enterprises in Uganda. Such areas included, among others: strategic planning and management, leadership, human resource management and development, marketing, budgetary control, procurement, entrepreneurship, supervisory management and performance management.

The expanding informal sector in Uganda could also be exploited as an opportunity for UMI. This sector, as discussed under Learning Goal No.3 is gradually enlarging because of the limited employment opportunities in both the formal public and private sectors. The new entrants as well as those already active in the sector need various skills including entrepreneurship and management. It is true that the majority of the operators in this sector might not have the funds to pay for their skills improvement training programmes. However, because the informal sector is one of the avenues of eradicating poverty and a

provider of jobs for the majority of the 300,000 job-seekers entering the labour market every year as discussed under the third Learning Goal, the government and other donors (development partners) are likely to be attracted to fund a skill-improvement project for this sector if it is well organised and presented by UMI.

It is however necessary to realise that although the environment has lots of opportunities, it does not follow that UMI should necessarily be involved in all of them. This will depend on whether UMI's distinctive capabilities allow it to compete in these areas, and whether it has the resources necessary to cover all these angles: these aspects are taken up in the following chapter. Meanwhile, we need to consider the market environment more systematically.

### **The Market Structure and Competitors**

Higher education institutions such as Uganda Management Institute are required, like business firms, to monitor and adapt to the continuous changes taking place in the political, economic, social and technological (PEST) environment. According to the Uganda Education Sector Annual Performance Report (ESAPR) of 2005, the higher education sector in Uganda comprises all institutions of higher learning that include both private and public universities, and other tertiary institutions like Business Schools, Management Development Institutes, National Teachers Colleges and Technical Colleges ([www.education.go.ug](http://www.education.go.ug)).

In order to have a strategic direction, UMI, like other business firms needs to undertake a strategic market analysis. The strategic market management framework as Trim (2003) points out, demands that marketing strategists undertake an external analysis that is composed of customer analysis, a competitor analysis, a market analysis and an environmental analysis. Having done this, it is possible for marketing strategists to produce an opportunities and threats analysis, and to extend this by looking at the trends and strategic questions. Aaker (2001) provides dependable guidelines on the external analysis. He explains that the external analysis involves an examination of the relevant elements external to an organisation. The analysis should be purposeful, focusing on the identification of opportunities, threats, trends, strategic uncertainties, and strategic choices. Customer analysis, the first step of external analysis involves identifying the organisation's customer segments and each segment's motivations and unmet needs. On the other hand, competitor analysis starts with the identification of competitors, current and potential, their performance, image, objectives, current and past strategy etc. And of special interest are the competitor's strengths and weaknesses. Aaker (2001) further advises that

understanding competitors and their activities can provide several benefits. First, an understanding of the current strategy, strengths and weaknesses of a competitor can suggest opportunities and threats that will merit response. Second, insights into future competitor strategies may allow the prediction of emerging threats and opportunities. Finally competitor analysis may result in the identification of some strategic uncertainties that will be worth monitoring closely over time.

Has UMI been able to make a convincing market analysis? In the writer's view this exercise has not been seriously undertaken. The few times that UMI has attempted to do so have been during brainstorming sessions while making the three-year strategic plans. This means that we have only been able to make what one would call a "desk-analysis" of the competitors, customers and the environment. There is therefore need for a thorough and professional survey of the market, which would result in a proper analysis of the situation. By taking a strategic marketing approach, it is possible for UMI to implement a differentiation strategy which would provide the Institute with a distinctive identity in the marketplace. It will also ensure that there is a customer focus, which will be underpinned by commitment to quality improvement.

For example, currently private universities in Uganda have recently emerged as viable options for acquiring higher education and UMI therefore needs to address their implications for the Institute. Such universities offer market –driven courses and some of them provide a conducive environment for academic excellence. Some of them have modern infrastructure, including libraries, information and communication technologies that are vital for academic excellence and research. As shown in Table 2.1, so far there are 15 registered private universities in the country. The emergence of the private universities is gradually taking root in Uganda's higher education market as can be judged from the comment made by one of the Chief Executives interviewed by the writer when he commented that:

*Even though most private universities in Uganda are quite small, with enrolments ranging from 300 to 1000 students, this emerging sector is introducing healthy competition, innovation and managerial efficiency. The resulting diversification of tertiary education may encourage the growth of systems that are more closely attuned to labour market demands and development needs.*

The above comment is almost similar to that made by one of the interviewed students at UMI. When asked to comment on the impact of the new private universities on the higher education sector he quickly pointed out that:

*In many parts of the world increased competition from private institutions has brought about greater diversity and choice of students and has served as a powerful incentive for public training institutions to innovate and modernise. We hope that this will soon happen to UMI and other public universities in Uganda.*

Undoubtedly, the above comments are useful in that they make UMI's need for a thorough market analysis to be more urgent. Although the above respondents' reactions related to the emerging private universities in the country, public institutions (see Table 2.2) are also active competitors. Some of them apparently offer programmes similar to those offered by UMI and therefore the Institute's market analysis must address them as well. Although the presence of the competing institutions can on first sight be viewed as a threat to UMI, a thorough analysis of what they offer, how they deliver, their facilities and future plans could turn the imaginary threat into opportunities when UMI as a result improves its products to be of a better quality than the competitors' products. Furthermore, the analysis of the competitors could even make UMI more innovative by introducing other programmes which may presently not be offered by the competitors but which may meet the unmet needs of the market. With the modern developments in information and communication technologies (ICT), a competitor's website is usually a rich source of information and the first place to look. The strategic vision is often posted, and the portfolio of businesses is usually laid out. The way that the latter are organised can provide clues as to business priorities and strategy.

**Table 2.1: Regional Distribution of Private Universities in Uganda**

<i><b>Region</b></i>	<i><b>No.</b></i>	<i><b>University</b></i>
Central	9	Uganda Martyrs University, Nkozi * Nkumba University * Bugema University * Uganda Christian University, Mukono * Ndejje University * Aghkan University Kampala University* Kampala International University * African Bible College University
Eastern	4	Busoga University * Islamic University, Mbale * Kumi University * Namasagali University *
Northern	0	
Western	2	Kabale University * Mountains of the Moon University

**Source:** *Higher Education Department, 2005*

**Key:** The Universities with a star (\*) in Table 2.1 and 2.2 offer business and management related courses (among others) which UMI also offers.

**Table 2.2: Public Universities in Uganda by Regional Distribution**

Region	No.	University
Central	4	Makerere University * Kyambogo University * Makerere University Business School (MUBS) * Uganda Management Institute
Eastern	0	
Northern	1	Gulu University *
Western	1	Mbarara University of Science and Technology

Source: [www.education.go.ug](http://www.education.go.ug)

The majority of universities and other tertiary institutions as shown in Tables 2.1 and 2.2 above are located in the central region where UMI is also located. Obviously, competition among these institutions in the central region is stiff while the market in other regions is left unexploited. There are many serving officers and managers in the Eastern, Western and Northern regions who would wish to pursue some of the programmes offered at UMI but they can not access them due to the distance and also because their employers can not release them to attend full time courses at UMI. To tap this market, UMI needs to establish regional centres where special weekend programmes leading to merit certificates can be delivered between Fridays and Sundays. Alternatively, these are the areas which should be the first to benefit from distance learning programmes once established.

The competition between UMI and other training institutions is further reflected in Table 2.3. The table provides statistical data on the Institute's postgraduate programmes: Diploma in Public Administration and Management (DPAM), Diploma in Human Resource Management (DHRM), Diploma in Project Planning and Management (DPPM), Diploma in Management (DIMA), Diploma in Urban Governance and Management (DUGM), Diploma in Financial Management (DFM) and Masters in Management Studies (MMS). Although the table outlines only statistics of student intake for the 2004/2005 academic year, it helps to portray the competitive environment UMI needs to address if it has to successfully pursue its noble mission of excelling in developing sustainable management capacity.

**Table 2.3: Students on UMI Postgraduate Programmes 2004/2005**

<b>Course</b>	<b>No. Admitted</b>	<b>No. Registered</b>	<b>Registered as % of admitted</b>	<b>Missed Students</b>
DPAM	206	171	83.0	35
DHRM	277	164	59.2	113
DPPM	199	105	52.8	94
DIMA	123	68	55.3	55
DUGM	50	24	48.0	26
DFM	127	82	64.6	45
MMS	194	144	74.2	50
<b>TOTAL</b>	<b>1176</b>	<b>758</b>	<b>64.4</b>	<b>418</b>

*Source: UMI Registrar's Office*

The above Table 2.3 outlines the numbers of students who were admitted to the various postgraduate programmes offered by UMI. It also shows those who registered and those who did not turn up after they had been admitted. The figures show that a total of 1176 were admitted but only 758 students were registered representing 64 per cent of those admitted. This means that a total of 418 or 36 per cent admitted applicants did not turn up. There could be various reasons why they did not register, for example, failure to raise fees, commitment at work etc. However, a survey by the Registrar's office revealed that many of those who did not turn up joined other institutions such as Makerere University Business School (MUBS), Nkumba University and Uganda Christian University which offer similar programmes. The Institute (UMI) charges Uganda shs 2,400,000= (US\$1297) per student on a postgraduate diploma. Since 418 admitted applicants did not register for the programme, it means that UMI lost slightly over Uganda shs 1,000,000,000= (US\$540,540) on postgraduate programmes during that academic year. This is obviously a huge loss to an Institute that is poorly funded by government as explained in Learning Goal No.1. If the trend continues in that direction, the repercussions to UMI are self-explanatory and far reaching and hence the urgent need to apply measures that will reverse the trend. Such measures could include a market analysis that builds on customer and competitor analysis to make strategic judgements about the market and its dynamics. As we have already noted, one of the primary objectives of a market analysis is to determine the attractiveness of a market to current and potential participants. The other objective of market analysis is to understand the dynamics of the market. The need is to identify emerging key success

factors, trends, threats, opportunities and strategic uncertainties that can guide information gathering and analysis.

In other words UMI needs to take stock of the political, economic, social and technological (PEST) environment existing in Uganda and beyond its borders. This will in turn provide a better strategic focus for the Institute which will thereafter come up with an appropriate strategy and actions that will eventually make it possible for UMI to achieve its dream of becoming a world class management development institute (MDI). The dictionary defines world class as "ranking among the foremost in the world; of an international standard of excellence". This is no doubt an uphill task for a management educational institute particularly on the African continent which is bedevilled by a multitude of problems but as the Chinese saying goes, "a journey of a thousand miles begins with a step".

### **The Market for Distance Education Programmes/e-Learning**

As discussed under the first Learning Goal, innovative universities and tertiary institutions have demonstrated that distance/e-learning can enable radical improvements in both effectiveness and efficiency of learning and business performance. This has led to the introduction of this training delivery mode in a number of those institutions. Distance/e-Learning has also become one of the most widespread and prevalent modes of continuing professional development (CPD) as the growing demand for lifelong learning continues. Its introduction by UMI may therefore be very timely as the Institute continues to face challenges of limited financial resources, constrained physical infrastructural facilities and the sharp rise in competition which is threatening to become borderless or even global. Therefore this section of the study argues that distance learning techniques, augmented by a judicious use of new information and communication technologies (ICT) are a viable strategic option for the Institute to expand its market share and consequently broaden its revenue base.

There is no doubt that distance education has the potential and capacity to contribute to growth and expansion of high-quality management education in Uganda. As Amutabi and Oketch (2003) have pointed out, in many countries distance learning has indeed proved to be flexible and cost-effective. For example, the University of South Africa (UNISA) which has the largest student enrolment in Africa in its distance education programmes has an alumni which include several distinguished personalities in Africa, playing very useful roles in the development of their countries (Abbott et al 2004). As earlier discussed under the first



Learning Goal, distance learning programmes are designed to enable students to study with minimal disruption to their working and personal lives. Thus practitioners can study without the necessity of being away from home or having to leave their posts for considerable periods of time. As a means of meeting this need, and to ensure that distance, time and busy office schedules are not an impediment to learning, UMI has decided to introduce weekend programmes in Mbarara (Western Uganda) effective from September 2006. This is a commendable strategic development for UMI to take its programmes nearer the people who will eventually acquire academic and professional qualifications. Unfortunately, the delivery methods to be used are still conventional, that is, classroom delivery which is not likely to attract as many students as the case would have been with distance/e-learning.

Distance learning in Uganda is not a new phenomenon although it generally lacks the application of modern information and communication technologies (ICT). Several institutions including universities as shown in Table 2.4 offer distance learning programmes. Makerere University pioneered this mode in 1991 with 250 students taking two external degrees in education and commerce and has presently expanded to take in over 10,000 students a year doing various academic distance learning courses.

Uganda Martyrs University is another institution which is competing in the provision of distance education. Its distance learning programmes centre mainly around development studies and education. Kampala International University (KIU) also recently set up an Institute of Continuing and Distance Education to offer both undergraduate and postgraduate programmes in Education, Business and Public Administration. (see New Vision 20 June 2006, p7). Although most of these institutions use conventional modes of delivery, e.g. occasional face-to-face and printed literature, it suggests very clearly that the market for distance learning already exists in the country and therefore any provider using the faster and more efficient ICT delivery methods would compete very favourably.

**Table 2.4: Major Institutions providing Distance Learning in Uganda**

<b>Institution</b>	<b>Location/Area of coverage</b>	<b>Services offered</b>	<b>Medium of delivery</b>
Makerere University Institute of Adult and Continuing Education	Countrywide	Various accredited courses including bachelor degrees in computer science, statistics, education, science, and commerce. Diploma in youth development work and postgraduate courses in project planning and management are underway.	Occasional face to face, self study, Printed literature Electronic mail, telephone, bulletin boards, computer mediated communication, audio and video cassettes
Uganda Martyrs University	Countrywide	Various diplomas, under graduate and postgraduate degrees in development studies, education, education management and business studies.	Face to face work-shops Self study
Kyambogo University	Countrywide	Courses in teacher education especially Primary teacher education, some course are currently being developed together with the distance learning department of Makerere University. Specialised courses in institutional and personal capacity development for teacher training in Primary Teacher Colleges	Face to face Printed literature and self study, Internet based training
African Virtual University	Regional	Various accredited degree, diploma, and certificate courses in association with Universities in Africa. In Uganda, the university works with Makerere University	Teleconferencing Online resources e.g. digital libraries and online forums Learning Management Systems
Multi Tech academy	Mainly in Kampala (Local)	Facilitates various professional accreditations like ACCA, CIMA and CPA	Occasional face to face lectures Printed literature Tutorials and coaching
Financial Training College	Countrywide	Various professional accreditations like ACCA, CIMA and CPA Tailor made courses for organisations, government and individuals Computer training	Internet Printed literature Online resources e.g. digital libraries and online forums, Occasional face to face Tutorials and coaching
Global Distance Learning Centre (UMI)	International	Offering satellite connectivity for transmission of development learning programmes and information Provision of training facilities for professional certifications in conjunction with relevant institutions	Face to face Computer aided training

### **UMI Positioning In The Market**

We have already noted that although UMI has had an impressive expansion both in scope of activities and growth in student/participant numbers in the last 5 years, no major expansion in its physical infrastructure has been registered. Other than the establishment of the GDLC

six years ago, the rest of the physical facilities such as classrooms, library etc have remained as they were in 1969 when the now defunct Uganda Institute of Public Administration (UIPA) was established. Such a situation obviously overstretches the Institute's infrastructure capacity and undermines UMI's objective of providing high quality programmes and services to its clients.

Available UMI records also indicate that the demand for certain courses at the Institute e.g. Postgraduate Diploma in Project Planning and Management (DPPM) and Diploma in Human Resource Management (DHRM) as shown in Table 2.5 exceeds the number of actual current enrolments. At times waiting lists have been experienced of up to one year. In other words, it is very likely that potential students would be interested in alternative methods of accessing the training at UMI and perhaps some existing students would consider switching to a more flexible method of learning compared to the current classroom based method. Furthermore, the Institute would gain from the economies of scale when more students enrol both for conventional classes and distance learning programmes.

**Table 2.5: UMI Postgraduate Diploma Applicants for 2005/2006**

<b>Course</b>	<b>Applicants</b>	<b>Admitted</b>	<b>Maximum Intake</b>
DPAM (Day)	63	59	45
DHRM (Day)	43	41	35
DIMA	120	115	80
DPAM (Eve)	130	125	100
DHRM (Eve)	231	216	130
DFM	124	113	100
DPPM	203	191	100

*Source: UMI Registrar's Office*

Table 2.5 above shows that some UMI courses like Diploma in Human Resource Management (DHRM), Diploma in Project Planning and Management (DPPM) and Diploma in Finance Management (DFM) were over subscribed during the 2005/2006 academic year. Due to the physical constraints UMI is experiencing, qualifying applicants were registered on first-come-first-serve basis and as a result many applicants were locked out. For example as outlined in Table 2.5, 191 applicants were admitted for DPPM but only 100 could be accommodated leaving a disappointed balance of 91 applicants. Similarly for DHRM, 216 applicants were admitted but UMI could only afford space for only 130 students leaving behind 86 qualified applicants. Such disappointed applicants either go to other competing

training institutions or have to remain on the waiting list until the next academic year leading to loss of income for UMI. In order to solve this problem, UMI either needs to construct more and bigger classrooms (which is expensive and the Institute might not afford) or introducing distance learning programmes which will be more cost-effective catering for more numbers across the country and beyond and as a result generate more revenue. Distance learning mode when introduced by UMI is likely to capture the market outside the competitive central region where most of the universities and tertiary institutions are located as outlined in Tables 2.1 and 2.2.

The Institute could also benefit from the cost-efficiency of distance learning in several other ways. First, it will lower the UMI costs for students. They do not have to give up income for employment in order to study. They will pay no residential fees or commuting costs and charges for distance learning are expected to be less than those for residential and campus instruction. The Institute is however likely to get better income through the economies of scale when many students register for such programmes. Second, as stated by Saint (2000) distance learning often operates at more efficient staff/student ratios, thereby reducing the proportion of instructional budgets dedicated to staff salaries. Similarly, it minimises the need for investment in costly physical facilities (and their maintenance), thus enabling more funds to be used in support of teaching inputs and learning activities. And third, for the most part distance learning makes use of existing staff and facilities and therefore does not require major staff recruitment or expensive building campaigns. If desired, it can be managed through a relatively small coordinating unit housed on the existing campus. Likewise, tutoring and academic support for students can be arranged by contracting with experienced local instructors or other professionals on a part-time basis and by renting community educational facilities on evenings, weekends or both as the case will be for the Mbarara Outreach project.

One option out of this problem would be for the Institute to raise sufficient resources to finance the expansion of its physical and technical facilities to match with the current and anticipated demand for its services. However, given UMI's current budgetary constraints as reflected in the first Learning Goal, it would be unrealistic to anticipate that at the present income generation and saving levels the Institute can put up a building structure of at least Ug. Shs. 2 billion (US\$ 1,081,081) in the next five years. One of the solutions to this problem could be the introduction of distance education or e-learning.

As indicated in Table 2.4 above, UMI is among the institutions providing distance learning in Uganda. The Institute offers courses mainly accessing capacity building and training activities from World Bank Institute (WBI) through videoconferencing. This was made possible by the presence of a Global Distance Learning Centre (GDLC) at UMI. The GDLC was built in 2000 under an International Development Agency (IDA) credit to the Government of Uganda applied through the second Economic and Financial Management Project (EFMP II). The centre was built at UMI as a project to improve government capacity building efforts through global distance learning in critical managerial and technical fields for public, private and civil sectors. The GDLC which has now been integrated into UMI after the expiry of the 5 – year project period is considered as one of the institutions with the most modern information communication technologies in the country. It therefore provides an excellent nucleus for Uganda Management Institute to begin providing distance education which will include e-learning programmes. In fact a recent consultancy report funded by the Ministry of Finance and Economic Development (2004) recommended that the GDLC should adopt a business strategy and a strategic direction to make the Centre move from being a “learning facility” to a “learning provider”. It thus recommended:

*“GDLC should in close collaboration with UMI move from a position of ‘learning facility’ to a position of ‘learning provider’. UMI/GDLC should offer services within the area of distance learning services within the segment of postgraduate business courses and development assistance”.*

Although UMI has been slow in implementing the above recommendation, the existence of the GDLC therefore provides UMI with an upper hand technology when the Institute begins competing with other institutions like Makerere University and Uganda Martyrs University which already offer distance learning programmes but which largely use conventional methods of delivery. UMI could turn the GDLC into a specialised Distance Learning Department and start with a small number of high-quality distance education courses that respond to significant areas of public demand identified by a market survey. In choosing courses careful consideration also must be given to Uganda’s employment needs and related job skills.

Obviously, the low level of ICT development in Uganda might work against UMI’s plans for e-learning. The writer however believes that it would be a better strategic approach for UMI to build the e-learning infrastructure as it takes advantage of the likely growing ICT

developments in the country. For example, Uganda is still very deficient in modern communication and penetration of modern devices such as computers is still very low. According to figures published by the World Bank (2002), for every 1000 people there are only 18 fixed line and mobile phone subscribers in Uganda. Furthermore, for every 1000 people, only 3 have a personal computer in Uganda compared to 659 people in the United States respectively (Vision 2035). This is an appalling situation of under development considering the importance of computers in e-learning. It is nonetheless anticipated that the number of computers in the country will increase and Internet services will experience very high growth in the near future now that the National Resistance Movement (NRM) government has established a fully fledged ICT Ministry to promote the technology. The NRM government has also so far displayed a positive political will and commitment to support the development of ICT in the country. This position is reflected in the NRM Election Manifesto of 2006 (page 56) which states that:

*NRM shall support and provide e-learning educational technologies. NRM recognises the potential and enabling element of ICTs as a tool for social and economic development. It is NRM's belief that ICTs should be utilised to simplify government service delivery, bringing transparency, accountability, and making credible timely information available to all citizens and providing services in an efficient and cost-effective manner for both public and private sectors.*

If the Institute decides to introduce distance learning for its programmes, there will be several challenges that will have to be faced and attended to if the new initiative is to be successful. Keast (1997) advises that the biggest single challenge to the establishment of distance education programmes within existing tertiary institutions is attitudinal barriers and institutional resistance. There could be professional opposition from beliefs that educational quality will not be maintained, that students will not adapt, and that time-tested methods are best. In addition, personal worries may also play a strong role: fear of change, fear of new technology, job insecurity, and professional reputation. The institutional resistance may emerge when established procedures must be changed, organisational roles or units transformed, or new entities may compete for limited budgetary resources. These are, in fact, exactly the types of change necessary to establish distance education and UMI should be prepared and be well-positioned for them through appropriate sensitisation and training of staff.

The bigger challenge to entry into the distance learning market the Institute would have to overcome will be setting up the logistics and systems required to support students over a wide area. Development of distance learning mechanism will require investment in specialised infrastructure both in software and hardware for which UMI will need funds. Similarly in order to enhance UMI's capacity for distance learning, it will be imperative to train UMI faculty in development and delivery of the courses online and other outreach methodologies. The Institute may not have all this big money to invest in infrastructural and staff development but partnership with donors and other training institutions on the African continent and elsewhere could be one of the solutions. As an interim measure UMI teaching staff could undertake Internet-based courses in distance education techniques which are increasingly available. Box 2.1 provides some of the available Web-based courses for distance learning trainers.

**Box 2.1: Web-Sites For Tertiary Distance Education**

<b>Institution</b>	<b>Web-Site</b>
Commonwealth of Learning	<a href="http://www.col.org">www.col.org</a>
Global Distance Education Net (World Bank)	<a href="http://www.worldbank.org/distance">www.worldbank.org/distance</a>
International Centre for Distance Learning (UK)	<a href="http://www.icdl.open.ac.uk">www.icdl.open.ac.uk</a>
American Centre for the Study of Distance Education (US)	<a href="http://www.ed.psu.edu/acsde">www.ed.psu.edu/acsde</a>
South African Institute for Distance Education	<a href="http://www.saide.org.za">www.saide.org.za</a>
Institute of Distance Education, University of Maryland	<a href="http://www.umuc.edu/ide">www.umuc.edu/ide</a>
University of British Columbia (Canada)	<a href="http://www.det.cstudies.ubc.ca">www.det.cstudies.ubc.ca</a>
African Virtual University (World Bank)	<a href="http://www.avu.org">www.avu.org</a>
Distance Learning Resources, Cornell University	<a href="http://www.dl.cornell.edu">www.dl.cornell.edu</a>

It should also be appreciated that all effective distance learning programmes depend upon the “three legs” of good training materials, effective student support and efficient logistics (Daniel 1996; Saint 2000). The production of learning materials can be a costly activity, and is therefore the area in which good management can do the most to reduce programme costs. The purchase of existing course materials from another reputable distance education institution e.g. Open University (UK), University of South Africa (UNISA) etc can be a good strategy for beginning distance programmes at UMI because the materials are proven and readily available although they will need some blending to address local needs and culture. UMI should also ensure efficient logistics such that study materials must be distributed in timely fashion. Also feedback on student performance should be communicated without

delay in order to sustain student motivation and guide learning. Such practices will make UMI's distance programmes highly competitive.

As we conclude this section, it is necessary to emphasise that the distance learning market provides the most and best opportunities for UMI through the Global Distance Learning Centre (GDLC) to compete and increase its market share. The distance education market in Uganda is still young and the GDLC is not seriously threatened by any direct local competitor because of its unique technology which none of its would-be competitors has yet obtained. Thus the technology available at the Institute can be used to differentiate its services to out compete the rest of the distance education providers in the country. UMI management must therefore utilise the GDLC for substantial capacity building within the field of distance learning and blended learning technologies and methods. The Institute must also progressively market its distance learning programmes to enable generation of new business and keep the existing clients both locally and outside. The potential external market for the distance programmes is likely to be available. This assumption is based on the foreign students coming from countries such as Tanzania, Kenya, Ethiopia and Rwanda which has impressively improved during the past four years.

### **UMI Positioning Now and in the Future – The Niche Option**

Successful organizations worldwide are expected to possess an ability to envisage and create completely new business niches. Gareth Morgan (1998) emphasizes that this allows organizations to invent and reinvent themselves and their relationships with competitors, customers, and the broader environment on a continuous basis. This leads the specific organization to adjust its internal operations to meet changing strategic and environmental requirements and avoid being locked into the past. In the same way, Uganda Management Institute needs to establish a competitive advantage, a reason why customers should buy its services/products. This will necessitate UMI to find a segment or niche in the market place which it can dominate; concentrate most of its resources on hitting the market segment with its benefit and competitive advantage in the area of excellence. In picking a niche, UMI will differentiate itself from the rest of its competitors. The Institute will then find a place where its passions, experience, and strengths meet an aching need in the market place. And then get noticed by communicating a clear and consistent message in the language of the problems the identified clients already have. When the Institute finds a good niche, clients will recognize the tremendous value UMI offers and from there the Institute will start to



harvest may be for ever. Presently, UMI is operating like a passenger bus without a fixed route of operation. Such a bus will not be recognized by clients as being reliable.

When considering a niche, as a minimum, it is important for UMI to pick a group of people or organizations:

- That we love to work with
- That would appreciate or value much of our experiences, training and accomplishments.
- That have big challenges or problems they are spending money on now.
- To whom we will be able to add a lot of value.
- To whom we will have credibility as a solution provider.
- Where the competition is not too entrenched.
- That we can reach in large numbers, quickly and cheaply.

It is important to emphasise at the very outset that the fact that UMI picks a niche does not mean it cannot keep dealing with its current diversity of clients, or that it will have turned down any future clients who may not be in its niche. It is simply being more effective with our marketing efforts because with a niche the Institute will:

- Understand its ideal clients problems
- Speak their language
- Know the competitive landscape
- Be able to stand as a recognized solution provider so they start to come to UMI.

What is then the best niche for Uganda Management Institute in the current national and global environment? In view of the above discussed factors which must be carefully considered before an organization picks a niche, and given the goodwill UMI has acquired over the last 35 years in training public servants plus the challenges and problems that the Uganda Public Service is currently facing as revealed the several Learning Goals covered by the writer, there are likely to be great opportunities for UMI if it decided to establish a niche in the public sector.

As already discussed elsewhere in this chapter, Uganda is classified as one of the poorest nations of the world. Among the many reasons advanced for Uganda's underdevelopment has been the inefficiency of its public sector. The public servants of the nation have been accused of failing to manage the sector efficiently and for their alleged inability to provide

politicians with sound advice on public policy (Debie and Herron 2002). There is therefore a general feeling in developing nations that if their public service is to meet the challenge of development, there is need to be a transformation that would revitalize the administrative machinery of government, to make them more responsive and rational to the needs of rapid changes taking place within them.

In addition, the new millennium has seen wide-ranging culture changes throughout the public sector, introducing a business focus and customer-led approach (Navin2000). Quality of service and efficiency, coupled with strict financial controls, require government ministries and departments to ensure that their staff have the skills to manage the changing work environment and achieve new goals. The sharper business focus within the public service has brought a recognition that government departments must invest in training and development of their greatest asset – their staff. Furthermore with so many changes occurring in the public sector, the need for excellence in management has never been grater. In an interview by this writer with one of the Permanent Secretaries (PS) in one of the Uganda government ministries, the reason for the need of more training in the public sector was emphasized by the Permanent Secretary when he stated that:

*The challenge relates to the pressures that administrative reforms have unleashed for the creation of a new set of management abilities needed by the public sector agencies, whose managers must be: more outcome and performance oriented, while maintaining, if not improving, technical standards and service quality in a stringent budgetary environment; better able to put in place the organizational and behavioural changes needed to achieve the desired level of public service performance; and better able to manage scarce physical, financial and/or human resources, so as to improve productivity and reduce costs.*

Similar sentiments for the need of more training in the public sector were expressed by another senior public servant. He commented that:

*The civil service which is generally not development-oriented is in need of radical reform given the scale of the crises facing the country. These reforms will demand for more training in the public service.*

Presently, the Uganda government is confronted with several development challenges and the public service is expected to play a major role in managing those challenges and problems which responsibility demands that public servants should acquire the necessary skills to undertake those developmental assignments. For example the government has identified poverty reduction as Uganda's main development goal owing to the

unacceptably high proportion of the population who live below the poverty line. In 2003, the people living below the poverty line were estimated to be 38 percent of the 26 million people in Uganda. The key instrument for achieving poverty reduction is the government's Poverty Eradication Action Plan (PEAP) which is reviewed every three years. The current PEAP version which runs from 2004/5 to 2007/8 has the following five pillars:

- (i) Economic management
- (ii) Production, competitiveness and income
- (iii) Security, conflict resolution and disaster management
- (iv) Governance and
- (v) Human development.

As observed by Kiyaga-Nsubuga (2005) all sector reviews to date indicate a wide divergence between development intentions and what actually happens on the ground. The problem is most acute in three areas:

- (i) Policy development
- (ii) Implementation (i.e. coordination, monitoring and evaluation, procurement, accountability, financial management, human resource management etc), and
- (iii) Impact assessment.

A great deal of capacity building has been undertaken which has greatly enhanced the administrative expertise at central and local government levels, but what is now needed is building capacity for transformational leadership and managerial ability to convert plans into outputs and outcomes. This is where Uganda Management Institute can add real value in line with its mission and vision. The government and donors (development partners) have devoted a lot of funds in the Poverty Eradication Action Plan (PEAP) and UMI must accordingly strategically plan to be one of the beneficiaries. The Institute could with advantage analyse government policies, sector strategic frameworks and sector investment plans and thereafter design programmes that address public sector priorities. The programmes should be designed to transform public officers from administrators to managers in order to make them more effective agents of change. Emphasis should be placed on enabling public officers to understand the reform landscape, develop relevant policies, ensure their implementation and evaluate their impact. In doing this, the ultimate objective will be to help reduce poverty and improve service provision while reducing government's transactions costs in the process. Furthermore, since one of the government's development policies is to make the private sector the engine of growth, the Institute should

carefully study the constraints to the public-private interface. Thereafter appropriate programmes can be designed to enable the public sector to become a more effective facilitator of private enterprises.

Another opportunity which UMI can exploit from the public service relates to the Millennium Development Goals (MDGs). In order to promote sustainable development in developing countries, the international community in September 2000 under the auspices of the United Nations (UN) agreed to a number of commitments that promote development popularly referred to as Millennium Development Goals (MDGs). MDGs which are managed by the government line ministries are time bound and quantified targets for addressing extreme poverty in all dimensions, diseases, lack of adequate shelter, promoting gender equality and empowerment of women, combating HIV/AIDS, malaria and other diseases, achieving Universal Primary Education (UPE), and environmental sustainability. Box 2.2 outlines the eight MDGs.

#### **Box 2.2: Millennium Development Goals**

- Goal 1: Eradicate extreme poverty and hunger;
- Goal 2: Achieve Universal Primary Education;
- Goal 3: Promote gender equality and empower women;
- Goal 4: Reduce child mortality;
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases;
- Goal 7: Ensure environmental sustainability; and
- Goal 8: Develop a global partnership for development.

Most of the funds to cater for these MDGs are channelled through the public service and constitute a substantial portion of the annual national budget. UMI can effectively contribute towards the achievement of Goals 1, 3 and 8 above through designing and mounting programmes, consultancies and research aimed at enhancing business and managerial skills which could gradually lead to gender equality, poverty alleviation and eventual eradication. Partnership with international institutions will lead to vital joint research projects in important areas like good governance and entrepreneurship needed for national development.

Further opportunities existing in the Uganda Public Service which UMI can take advantage of were revealed to the writer by several public officers and UMI students who were interviewed. They were requested to identify the qualities of a role-model manager whom they would like to have in the government service. The following common qualities were identified:

- *An articulate manager who acts in accordance with a set of technical principles;*
- *One who knows when and how to be decisive, assertive, risk-taker and leader;*
- *An outcome and performance oriented manager with a vision;*
- *A change agent able to challenge existing organisational wisdom;*
- *A resource manager who is able to improve productivity while lowering costs;*
- *A strategic management thinker;*
- *An effective persuader and communicator;*
- *An effective coach to staff;*
- *A networker capable of solving problems;*
- *A successful entrepreneur;*
- *An effective negotiator.*

Many of the respondents whom the writer interviewed expressed the view that not very many public servants in Uganda possess the qualities outlined above. This therefore makes a strong case for the Institute to establish its niche in the public sector which despite the recent retrenchment as discussed under the third Learning Goal, is still the largest employer in the country. UMI must prove that it is a credible solution provider by designing tailor-made programmes for public servants who need to enhance their above mentioned qualities and skills.

The current National Resistance Movement (NRM) government is also aware that the quality of its achievements will largely be determined by the input of the Civil Service. Accordingly, in their Election Manifesto 2006 (see p.107), NRM promised to pay special attention to:

- Developing an efficient, well trained and motivated service;
- Improvement of the remuneration of the Civil Service;
- Promoting an entrepreneurial service that is sensitive to the needs of the private sector;
- Responsiveness and sensitivity to the needs of the public in public service delivery;
- Pride and integrity in the performance of duties; and

- Keeping private and public interests separate, and demonstrating values of political neutrality and honest.

A quick look at the above NRM objectives will reveal that other than objective in bullet No.2, the rest of the objectives as far as improving public service delivery have a significant bearing to UMI's mandate.

The management-development potential existing in the public service is further reflected by the government's desire to build a civil service college to cater for the training needs of the Public Service (see New Vision, 5 June 2006 at p.36). The writer however regards this as a plan which is likely to affect UMI negatively if it is finally implemented. The Government needs to realize that UMI was developed from the former Institute of Public Administration (IPA) which was more or less a civil service college catering for the training needs of the public servants. One of the objectives for establishing Uganda Management Institute was to expand the management development opportunities to include other sectors (private and NGOs). It was thought that UMI would provide better and modern management education not only to the civil servants but also to other sectors (see Parliamentary Hansard 1991/1992 pages 331-338). Since its establishment UMI has played a major role in the public service reforms by training public servants to make the service more efficient and effective. Development partners (donors) like DFID have channelled part of the Public Service Reforms financial assistance to Uganda through UMI (see DFID Institutional Development Support Project Report 1995-1998). The above project report was satisfied that UMI had built sufficient capacity to be an effective training centre for Uganda public servants. Building now a separate college for public servants would take away a major portion of UMI's customer-segments. The move could even disrupt UMI's strategic plans to make the public service a niche of their operations. After all there can be no guarantee under the prevailing circumstances in Uganda that the proposed Civil Service College will be more efficient than UMI. All that the government should do is to strengthen UMI by funding it to acquire more facilities and other resources to fine-tune itself to the needs of the public service. This may need creating a specialized Department for Public Sector Management at UMI which would be staffed with well trained and experienced personnel in public sector management. The department would also undertake research and consultancy relevant to the needs of the public service. UMI already has a recognized/sufficient nucleus to undertake that function. Furthermore, utilizing the already existing infrastructural facilities and resources at UMI would be cheaper for the government which is now experiencing a

constrained budget than constructing a duplicating college. The government through the appropriate ministry should consciously support and forge closer links or collaboration, provide financial and logistical support, develop and use the capacities of UMI in the areas of training, research and consultancy, strive to get value for money, evaluate UMI contributions and encourage changes in attitude that should be mutually beneficial to the two collaborators. UMI on the other hand, conscious of its *raison d'être* always, should strive to fully equip itself and be able to respond appropriately to the many demands, doing so in the most efficient and effective manner as to earn the confidence and support of its main stakeholders, especially the government. UMI has a challenge to ensure that the faculty's competences are strengthened and updated to meet the "solution-provider" levels required by the public service. To win this case, UMI will need a clear strategic focus and an accompanying business plan to convince the government that it stands to gain if it promotes and supports UMI instead of creating another competing institution.

There is also another opportunity for UMI which has developed through the urbanisation process in Uganda. The national census (2002) indicates a 4.6 per cent urban growth. This growth has been largely on account of natural population increase; search for better services and employment; and a number of related factors (Uganda Vision 2035). For any growing economy urbanisation must be expected, but must be planned to forestall its negative impacts. Some of the challenges that have emerged due to unplanned urbanisation in Uganda include the high urban population growth; poverty; urban violence; homelessness (street kids and parents); proliferation of slums; increased pressure on social services; unemployment; and related phenomena. These trends have posed greatest challenges in the delivery of urban services against the background of limited resources in urban local governments. To make urban centres liveable, manageable and sustainable therefore requires urban managers that are professionally equipped with technical competences in the urban management field.

The Institute has already realised the existence of this opportunity and a postgraduate diploma in Urban Governance and Management (DUGM) was introduced two years ago. Unfortunately, despite the need for urban managers to be trained, this particular programme has not yet attracted substantial numbers of participants. The major reason for this appears to be the distance between UMI and the majority of the rural-urban centres which makes it difficult for the would-be participants to attend. An easy solution would be developing weekend programmes to enable UMI staff deliver the course at established

centres or through distance learning. UMI also needs to enrich the programme through appropriate research by UMI faculty.

As we conclude this chapter which has attempted to review UMI's external environment, several issues that have arisen from the environmental analysis must be emphasized. First, the need for a thorough market analysis which will need to be regularly updated is absolutely essential and probably UMI should make it as one of the priorities in shaping its strategy. Consideration needs to be given to the potential for market development through adding distance learning and especially e-learning opportunities. UMI seems to be well positioned for such a development, given the onsite Global Distance Learning Centre and the encouragement given to develop it as a source of courses and development assistance. Similarly, UMI's special position with respect to the public sector seems to offer a realistic chance of establishing a niche market with the public sector at its core. We should however note that this is an area of real threat, given government's desire to establish a new civil service college.



## **CHAPTER THREE**

### **UMI'S INTERNAL STRATEGIC ISSUES: ORGANISATION AND RESOURCES**

#### **Introduction**

The previous chapter explored the first half of the strategy problem – the market environment. We now turn to the other half – the internal organisation and resources and their suitability for UMI's sustained competitiveness in the markets chosen. We need to analyse the internal environment which is composed of the resource base and the distinctive competitive capabilities of UMI which it will want to use to enhance its reputation, build its market and increase its revenue. It is an established fact that the availability of resources determines the organisation's capacity to respond to threats and opportunities; although some resources can be more critical than others. Therefore, how well UMI performs would depend on two things: (1) how well it integrates and directs the conversion of resources in response to the needs of its clients; and (2) how well it interacts with the environment. As advised by Dexter Dunphy et al (2003), organisations moving towards the attainment of strategic sustainability focus on building key capabilities for value adding and innovation. Second, they develop and utilise the organisational competences needed to develop and enact these business strategies in human and ecological spheres. Third, the organisation develops processes that institutionalise and systematise these capabilities so that the organisation is no longer reliant upon key individuals for best practice operations. These capabilities are embodied in the organisation's systems and culture and are simply seen as "the way we do business around here".

#### **How UMI has already responded to the need for change**

We have so far emphasized the importance of matching UMI's strategies to the environment within which it is operating. However, any organisation must pursue strategies which it is capable of sustaining. It is therefore necessary that we now attempt to discuss and define what can be regarded as key distinctive competitive capabilities in the present UMI. This is because resource planning and deployment are also important ingredients in the successful implementation of strategies.

It is an open secret that the whole world is changing, and if anything, the pace of change is accelerating and such a world creates endless opportunities for all of us. Organisations which stand still are subject to decline in a constantly changing world. Uganda Management institute should therefore always remember that change is inevitable and that change equals opportunities and should accordingly initiate changes whenever appropriate.

Complacent attitudes are the greatest enemy to development; and although by any measure UMI is different and dramatically a better place than it was 12 years ago when it was a mere government department, there are still lots of gaps which must be bridged through changes. In other words the UMI stakeholders should not be completely satisfied with the status quo. As Cohen (2003) has observed, dissatisfaction with the status quo actually works in a curvilinear fashion; the greatest readiness to change occurs with moderate dissatisfaction. Those who are not dissatisfied – rather fat and happy – see no need for change. But those who are deeply dissatisfied often get paralysed, repeatedly trying the same strategies and dissolving in frustration. This observation derives from learning theory, which says that readiness to learn is greatest when there is moderate anxiety. Readiness to learn and readiness to change are two faces of the same phenomenon (Cohen 2003). This implies that UMI should always be on the look out to initiate changes which might be dictated by the environmental changes.

UMI must develop itself into a responsive institution because as Charles Darwin (cited by World Bank 2000) advises, it is not the strongest of the species that survive, nor the most intelligent but the one most responsive to change. Following insights from Babra Sporn (1999) and from work by Ron Barnett, Robin Middlehurst, and others, a core characteristic of a *responsive institution* is that it is adaptive. It openly considers changing circumstances, identifies appropriate ways to adapt, and takes actions to be responsive. A *rigid institution*, on the other end of the continuum, resists making any change, is rejected without openly considering whether new behaviours are possible or desirable. Obviously, it is to UMI's advantage to be a responsive institution if it is to survive the prevailing national and global competition as earlier discussed. If UMI cannot adapt to the labour market needs, it will be unable to generate the resources it needs for long-term sustainability.

During the last two years, there have been changes in UMI structures, systems and operations in order to generate more value from the Institute's interventions while

increasing the satisfaction and commitment of staff. Most of the changes have led to decentralization of functions and operations. The changes were intended to:

- Enable staff to develop a shared vision of UMI's strategic goals and how to achieve them.
- Enable staff to develop a strong corporate identity and commitment to the pursuit of the Institute's strategic goals and protection of its image.
- Create an environment which promotes and rewards initiative, creativity and brilliance in executing assignments.
- Enhance the personal responsibility of each member of staff through more sharply defined performance benchmarks and output indicators.
- Increase the Institute's productivity and enhance its sustainability through prudent resource management.

A quick review of the above changes will reveal that they were largely meant to meet the needs of the internal staff. This was perfectly in order because a dissatisfied workforce will produce only minimum results. It would however be necessary if the Institute undertook more structural changes which would make UMI more responsive to the needs of its external customers. This would be in line with the global and national competition which has forced many organizations – large and small – to undergo reorganization and restructuring in an effort not only to compete but, in many cases, just to survive.

### **Departmental Organisation and Structures**

Presently, UMI's training departments are structured on a generic functional basis e.g. General Management Department, Human Resource Management Department, Business and Finance Management Department, Information Technology Department etc. As a result, all departments get involved in training students or participants from all sectors without specific sectoral specialization. This in most cases fails to appreciate the specific needs of a sector whose problems can only be solved through tailored programmes suitable to the sector. Obviously as pointed out by Dixon (1996) organizations in the public and private sectors are different. They plan differently, because their decision-making, budgeting and accountability processes differ. They budget differently, because their budgeting processes and accountability regimes differ. They organize functions differently, because their budgeting processes, regulatory and accountability regimes differ. They manage staffing differently, because their regulatory and accountability regimes as well as their organizational cultures differ.

In order to attract better specialisation by the departments and their staff, and as a means of satisfying the needs of the different organizational customers, it might be necessary for the Institute's training departments to be restructured on a sectoral basis. The following departments can be suggested:

- 1) **Department of Public and Development Management.** This would cater for public service needs in both central and local governments i.e. public sector. In fact its creation may pre-empt the idea of creating a Civil Service College by the Uganda government as discussed earlier.
- 2) **Department of Business and Management.** This is intended to satisfy the needs of the private sector including small and medium enterprises (SMEs) and non-governmental organizations (NGOs).
- 3) **Information and Communication Technology Department.** This department is likely to go across the board but with programmes and packages specific to the needs of the respective sectoral participants.
- 4) **Department of Distance Learning.** This one would work in collaboration with other departments to deliver distance education programmes.

The above proposed structure could make UMI more responsive to the needs and problems of the respective sectors in terms of training programmes, research and consultancy. For example there could be training staff specializing in human resource management (HRM) for the public service while others will specialize in HRM for the private sector. The same should apply for finance and accounting and other related disciplines. Although Cohen (2003) concedes that making significant changes in academic institutions has never been easy, UMI could be living in the past if it is not continuously responsive to the environment. For example one of the arguments being put forward for the proposal to establish a civil service college is that UMI does not fully meet the needs of the public sector since no specific department has been established to cater for this sector. There is therefore a strategic need for the Institute to initiate changes that will lead to its sustainability and survival.

### ***Curriculum Revision and Development***

The competitive dynamics of the Ugandan and global marketplace are changing to such a degree that Uganda Management Institute needs to transform and revitalize itself in order to meet the requirements of its corporate constituencies. Among other things, UMI needs to develop more market-focused programmes, which are driven by applied research and rooted in partnerships if it is to become the kind of management education provider now demanded. More challenging to UMI as a Management Development Institution (MDI) is the problem of renewal of its curricula to reflect the needs of the labour market to help solve problems which are beyond the boundaries of traditional academic disciplines. This could be assisted by the information from the recommended market survey. The curriculum of a training institution, serves as a menu of a restaurant which either attracts or drives away customers. In an institution like UMI, the stakeholders who include the students, employers and the training institution itself must be convinced that there is in place curricula that serve their respective interests. The students are interested to know what will be taught and who will teach it; the employers are eager to learn which competences may be expected from the graduate from a specific training institution; and the training institution's interest is on how the curriculum could be developed to meet the needs of the employers and students. Thus as pointed out by Baruch and Leeming (1996), the programme content is an important aspect of the evaluation of the performance of a training institution such as UMI. We need to remember that one thing that has become clear throughout the history of management education is that it is crucial from the perspective of developing or educating managers to achieve a combination of decontextualised (theory) and contextualized learning environment (practice, skills, experience) as the findings of the fourth Learning Goal have revealed. Moratis and Baleen (2002) have warned that business schools and management development institutes have been criticized for providing management education that can be characterized as being too much influenced by a focus on just one of these extremes instead of integrating these perspectives.

The interviews the author held with public and private sector employers of university graduates in Uganda highlighted collective dissatisfaction with some aspects of university education. They complained that graduates were narrowly trained in a single discipline and lacked the breadth of understanding necessary to confront complex problems. Employer-respondents were concerned that university education emphasizes disciplinary concepts and

information to the exclusion of professional skills development. For example key abilities such as *critical thinking, problem-solving, time management and the organization of information* were not developed on campus which made some of the graduates less productive.

The above complaints expressed by the employer-respondents clearly reveal that the curricula of some of the universities in the country have not addressed the needs of the employers and therefore UMI should avoid making similar mistakes in its curricula development. This is because for management education to be robust, relevant and meaningful, it should address the issues of knowledge acquisition (cognitive) and skill development (psychomotor). UMI should ensure that the knowledge imparted to its students or participants through the various modules and programmes leads to an overt behaviour modification of the person receiving it. In addition the curricula should broaden the students' general knowledge with the inclusion of some topical issues. For example the interviewed student-respondents felt that issues of global, regional and national concern should be incorporated in the activities of the Institute. They suggested that some of those issues could be included as modules in the programmes run at the Institute or they could be organized on a symposium basis. The topical issues identified included: *HIV/AIDS pandemic, poverty alleviation, good governance, gender issues and democracy and human rights*. In addition, Learning Goal No.4 among other issues sought to investigate the most important skills organisations expected their human resource (HR) executives to possess. The skills considered as most important by respondents included: management and leadership, decision making, analytical/problem solving, negotiation, oral and written communication, change management, organisational skills, customer care and cultural sensitivity. The following business knowledge was also perceived to be very necessary and relevant to HR managers: aware of environmental forces; conversant with industry and competitors; understand vision, mission and objectives of the organisation; interprets and understands business plans; understands financial management etc. Obviously, all the above required skills and business knowledge areas have implications to UMI as far as the designing of the curriculum for HR executives is concerned. The fourth Learning Goal further revealed that line managers in Uganda are involved in the HR function and that managing people at work is no longer a preserve of the HR professionals. This implies therefore that line managers pursuing UMI postgraduate programmes such as DPAM, DPPM, DFM, DUGM need an HR input in their curricula. At least a module containing the common HR areas handled by line managers in organisations should be included in their programmes

so as to provide the students with some basic HR skills which they would use while dealing with people in their departments or sections in their respective organisations. Alternatively, UMI could develop and market HR related executive programmes which are specifically tailored for line managers either in the public or private sectors.

How best can UMI develop its curricula? Indeed as observed by Gill and Lashire (2003) developing a curriculum map to focus on a target audience is a challenging task. It provides a systematic and well-organised framework to manage the knowledge to be imparted by avoiding gaps and overlaps in the courses. It is extremely important that the curricula meet the market demands or else the institution gradually loses relevance. This therefore necessitates that UMI should take steps to find out what the market requires before the curricula is finally drawn. Some of the respondents interviewed by the writer complained that very often training institutions do not involve other stakeholders when making their curricula which quite often end up containing irrelevant inputs. This complaint is summarized by one CEO when he said that:

*Training institutions sometimes tend to make the mistake of assuming that they know what customers want, rather than asking them. By making this assumption such institutions are helping their customer-focused competitors.*

In order for UMI to maintain a curriculum that is relevant to the labour market there is need to have a regular curriculum review with other stakeholders and make adjustments as new demands emerge. Unfortunately, the Institute has for the last five years not been active in reviewing the curricula as the case was in the past when employers and students used to be consulted. One promising mechanism that the Institute could adopt as a policy for ensuring the course content keeps pace with new knowledge and changing labour market requirements is through the use of informal advisory committees at the departmental level that link the programme to key relevant and professional sectors. Periodic tracer studies and employer surveys can also contribute understanding to this process. The alumni can also be a useful source of course-review input. UMI might select individuals representing the Federation of Uganda Employers (FUE), Uganda Manufacturing Association (UMA) and other professional bodies like the Institute of Chartered Public Accountants of Uganda (ICPAU) and the Uganda Human Resource Managers Association (UHRMA) to receive comments on the courses relevant to their respective needs. All this requires that UMI becomes flexible if it is to adapt to the changing environment. The Institute (UMI) needs to be able to react swiftly by establishing new programmes, reconfiguring existing ones, and

eliminating outdated programmes without being hampered by bureaucratic regulations and processes. The author believes that it would be a good idea if UMI established a standing *“Steering Committee in Curriculum Development”* composed of representatives from UMI, the private and public sectors as well as the students body including the alumni. Such a committee would provide a more rigorous and continuous way of coordinating activities across the Institute to ensure product initiation, quality and standardization of procedures and materials.

It is also worth noting that with the rapid acceleration in continental and global economic integration, global qualifications will become increasingly important, particularly in areas of knowledge and skills that are needed by trans-national corporations and the business community at large. If UMI has therefore to become a global competitor as demanded by its vision, it should gradually internationalise its curricula. Internationalising the curricula in terms of content can take different forms e.g.:

- Introduction of new courses in international aspects of functional areas;
- Making an introductory course in international business required; and
- Using material which is more attuned to intercultural business environments.

The Makerere University Business School (MUBS), which is one of UMI competitors has already introduced a fully fledged international related course, the Bachelor of International Business (BIB) whose course content include among others:

- Introduction to international business environment.
- International Economics for business.
- International Business Law
- French/German/Kishwahili languages.

It would not be too late if UMI introduced similar contents into its post graduate diploma courses which will add some international value to the students graduating on those courses which would in turn enhance UMI's international image.

### **Staff Training and Development**

The image of an institution will be derived from a number of factors e.g. its history, the products/services it provides etc but the calibre of staff existing in such an institution plays a big role in its image building process. Similarly, the image portrayed by institutions of



higher learning plays a critical role in the attitudes of the institution's publics towards that institution. Higher education institutions such as Uganda Management Institute need to maintain or develop a distinct image to create a competitive advantage in an increasingly competitive market. It is, after all, this image that will impact on a student's willingness to apply to that Institution for enrolment, or a company selecting an institution to do contracted research and development. Likewise, the success of UMI in competition will depend on many factors, not the least of which is the hiring and retention of staff who have not only received quality formal education but who also have the capacity to project and share a competitive vision, who have gained valuable experience "in the field", and who have a commitment to continued learning, personal growth and development. After all, the overall objective of a human resource strategy is to strike the best match between people and the organisation in order to contribute to the successful survival and growth of the organisation and to help people in achieving satisfaction. This is accomplished through acquisition, development and motivation of that most important asset – human resources.

Given the national and global competitive environment under which UMI is operating, it has no other option but to continue to develop and retain its core competences. In other words, the institute must develop and at the same time ensure that it retains what we refer to as "dynamic competences". This means that UMI must be continuously learning and developing its core competences, and it must be prepared to change core competences as required for success in this competitive landscape. It is however pleasing to note that significant investments have been made in human resource development to boost the Institute's overall competence and performance. Among other things, during the past one year 5 new academic staff have been recruited to inject fresh blood and ideas into the system, and despite the budgetary constraints, direct support has been given to staff to enable them to undertake specialized studies. Currently, the Institute has 6 members of the teaching staff on doctoral programmes, 5 on masters degree programmes, and 3 on professional development programmes (e.g. ACCA). In addition, various staff have also been sponsored to attend relevant local, regional, continental and global seminars, conferences and workshops. The cumulative effect of this investment is that the Institute will progressively build its knowledge base and offer programmes that reflect international best practices. Furthermore, the Institute plans to offer four competitive senior fellowships annually to persons with distinguished careers who have recently retired from service in public, private and NGO sectors to enable them spend one year at the Institute and participate in teaching and seminars. The purpose of this will be to enrich the learning of

staff and participants due to the practical experiences the senior fellows would bring to the Institute.

The Institute however has a challenge of devising appropriate means that would ensure that its well qualified and experienced staff are motivated and retained. As Nemetz and Cameron (2006) have observed one of the most difficult challenges for universities, particularly for colleges of business administration, is recruiting, hiring and retaining doctorally qualified faculty. Employees are people with complex needs that must be satisfied if they are to lead full healthy lives and to perform effectively in the workplace. Attracting and retaining talented staff has now become the biggest current problem in many African institutions of higher learning. Declining salaries, deteriorating working conditions, and increasing number of students, sometimes exacerbated by un-supportive political conditions, have prompted many staff to seek a better situation elsewhere. As a result many institutions are left with young, inexperienced and insufficiently trained staff who lack the necessary mentors and role models to guide them.

Although labour turn-over has not been a major problem for UMI during the past three years largely because of the relatively competitive terms of employment when compared to other local educational institutions; such a situation should not be taken for granted. Already there are complaints that faculty members are working very long hours and they are concerned that they may lose opportunity to renew themselves and continue to create intellectual capital. There is however some evidence that most appreciate what it means to be at UMI. Nevertheless, a few very good young faculty members might be tempted to leave for greener pastures of places with lower teaching loads and more emphasis on research, which is costly in terms of the socialization process and the effort and money it takes to replace them and their visible track record.

The best solution the Institute could apply towards staff retention is a continuous improvement in the staff packages. Obviously, this will largely depend on how well the Institute performs in generating more revenue both for capital and recurrent expenditures. UMI could improve the package to include benefits such as pension. Currently UMI staff are paid gratuity every after a three-years renewable contract. Other package components can include amenities (e.g. housing loans), working conditions (e.g. office space, furniture and equipment), professional growth (e.g. postgraduate studies, attendance at professional meetings, access to current journals and books), and research support. These benefits

should be allocated on the basis of performance and merit to ensure that the most productive staff are retained.

### **Research Capability and Development**

The importance of research to a higher learning institution like Uganda Management Institute deserves no extra emphasis. As Saint (1992) points out, research is a defining characteristic of universities and other tertiary institutions. It sets them apart from other post-secondary educational institutions. Research enriches course content and makes it more relevant to local settings. Also research participation teaches students necessary professional skills. Most important, it enables a society to generate understanding of itself and its problems that can be used to orient its development efforts. That is why Croft and Soule (1997) consider research a central activity that many believe serves to identify, create and attract excellence in the world of scholarship.

It is often said that experience is the best teacher. Whilst this may apply to some sedentary occupations, it certainly does not to the academic profession (Brainmoh 1999). If experience is synonymous with the number of years spent in any citadel of learning, teaching without embarking on research and publishing in learned international journals to update one's knowledge, one may soon be qualified more to be called a bureaucrat or at best an armchair philosopher. Similarly, undertaking research for its own sake without considering its usefulness or relevance to the community could be as good as nothing. A number of commentators have recently expressed concerns that the research-base of the business and management studies field is failing to meet the needs of the various parties who are (or ought to be) valid stakeholders in the knowledge production process (Starkey and Madan 2001; Hodgkinson 2001; Tranfield and Starkey 1998; Pettigrew 1997). Porter and McKibbin (1988) accuse business schools of a number of failings:

- Quantity has become more important than quality.
- The intended audience of most research is the academic community rather than the dual community of scholars and practitioners.
- As a result there has been a proliferation of arcane, trivial and irrelevant research.

The Starkey and Madan (2001) report provides a useful overview of the background that has led to those concerns, maps out a number of principal challenges that lie ahead, and proposes a way forward all of which are relevant to an institution like UMI. Central to the

report's authors' proposed strategy for the future development of the field is the adoption of a Mode 2 approach (Gibbons et al 1994), in which research proceeds on a collaborative basis, a variety of disparate stakeholders being involved in all aspects of the research process from problem formulation, through data collection and analysis, to dissemination. This is in marked contrast to the Mode 1 approach to knowledge. Mode 2 research is driven by a quest for problem solutions that transcend traditional disciplinary boundaries and which results in the rapid dissemination of findings through a variety of channels. As Gibbons et al (1994) further emphasise, the Mode 2 knowledge – production system brings together the “supply side of knowledge,” with the “demand side” with universities or tertiary institutions being part of the former and business part of the latter. A management development institute (MDI) such as Uganda Management Institute needs to adopt Mode 2 research approach in order to make an impact on the stakeholder organizations and the nation as a whole. If UMI's research mission, and thus its mandate to create knowledge, is increasingly out of touch with aspirations of stakeholders because it is judged guilty of a relevance gap, then it raises critical issues of role justification and, ultimately, long-term survival. This therefore makes management research to face a double challenge: it must be of high academic quality and of high relevance to users. Relevant research will need to provide analyses, insight and advice on problems or issues of concern to user communities.

Unfortunately, as this author observed in the Learning Goal No.1 write-up, the research record of Uganda management institute has not met expectations. This is despite the creation of a Research and Consultancy Unit in 2000 whose major objective is to guide and promote research and consultancy at the Institute. Also in 2003 the Uganda Policy Development Management Forum (UPDMF) was established. UMI is anchoring the Forum and in addition of being a Corporate member, the Institute provides the Forum's secretariat. The following are the objectives of UPDMF according to its constitution:

- To provide a forum for informed evidence – based discussion of policy development and management development in Uganda.
- To broaden and deepen the understanding of the development process in the country among key stakeholders.
- To promote participatory policy development through inclusion of policy makers, policy implementers, academics and stakeholders in the policy development and implementation process.
- To disseminate proceedings of discussion and research on policy development and implementation to potential users in universities, NGOs, private and public sectors.

The Forum in executing the above objectives holds workshops, seminars, conferences, roundtable discussions on policy issues. It also conducts research on policy development and management issues. Since its establishment in 2003, the Forum has held 10 workshops and conferences in which a similar number of researched papers have been presented for discussion. Unfortunately, of the ten presented papers as outlined in Table 3.1 only 2 have been produced by UMI staff. The rest of the papers have been researched and presented by outsiders. This suggests that UMI where the UPDMF is anchored has not actively taken advantage of this Forum. The Institute would have used this Forum to present several well researched papers in different national policy-disciplines. UPDMF therefore remains largely a “white elephant” which would have otherwise boosted the image and research capacity of the Institute.

**Table 3.1: Presenters of Papers at UPDMF Services since 2004**

<b>No.</b>	<b>Presenter</b>	<b>Organisation</b>	<b>Paper</b>
1.	Prof. Bibangambah J and Mwambutsya Ndebese	Ideas Consultants Ltd Makerere University	Strengthening public policy formulation and implementation in Uganda
2.	Dr. Maggie Kigozi	Uganda Investment Authority	Improving business environment to spearhead growth
3.	Dr. William S. Kalema	Uganda Manufacturers Association	Options for Uganda in a competitive economy
4.	Dr. Lugemwa M	Ministry of Health	The political economy of Di-chloro Dipheny Trichloroethane (DDT) in malaria control in Uganda
5.	Dr. Bimanya G. S. and Dr. Byarugaba W	Makerere University Medical School	The political economy of DDT in malaria control in Uganda: A scientific view
6.	Mr. Okello A.	St. Mary's College, Kisubi	Is Universal Primary School Education (UPE) achieving its objectives in Uganda?
7.	Ms Olinga F. E.	Private Consultant	Gender mainstreaming in development: A grossly misunderstood concept and practice
8.	Mr. Lwanga M	Uganda Management Institute	Succession planning in society and organisations in Uganda
9.	Mr. Sekibobo D.I	Uganda Management Institute	Measuring public services using a report-card methodology
10.	Ms Rose Namara	ISS Hague PhD student	Can NGOs reduce poverty in Uganda: A critical analysis

Several reasons have been advanced for the current lack of research vigour among UMI staff. First, Uganda's recent political environment was not conducive to the development of serious research. This was because freedom of expression and critical thinking were discouraged making it difficult to create an academic culture that fosters research. Second, financial support for research was limited due to budgetary constraints. Also sometime excessive workloads for the teaching staff leaves them with insufficient time to extend adequate devotion to research. Finally, there is little in the way of incentives or reward to encourage research activity. And as observed by Saint (1992) the absence of such incentives has been called the main obstacle to good and efficient research in most developing countries. While some of the above reasons could be understood, the fact that UMI apparently has not done a better job in research leaves it more vulnerable to focused criticism, attack, and competition which warrants taking positive steps to reverse the situation, after all, excellence in research underpins the idea of world class.

As already discussed, research is the activity that should set Uganda Management Institute apart from other educational institutions and will affirm its relevance to society's needs. The revitalization of UMI research requires a multi-faceted strategy which entails:

- (i) an institutionalised capacity to promote and manage research;
- (ii) appropriate incentives and rewards for research output; and
- (iii) guaranteed minimum funding for research

To start with, great internal discussion of the important relationship between research and UMI capacity and national development is needed. Internal workshops for UMI staff should be organized to discuss and assimilate this important requirement for both personal and institutional (UMI) development. Second, UMI should ensure that it has an institutionalized leadership capacity to promote research. The Research and Consultancy Unit needs to be strengthened by engaging better qualified and experienced research personnel. The unit should thereafter ensure that UMI academic staff acquire sufficient research skills to undertake research and consultancy projects in their respective areas of training. The provision of well-trained researchers is, perhaps, the single most important factor in enhancing the research capacity of UMI. This is gradually being achieved through sponsoring the teaching staff for PhD programmes.

It is also important that a range of incentives and rewards should be offered to encourage not just research, but research of respectable quality. Such incentives should be determined

according to institutionalized circumstances but possibilities include prizes, travel to professional meetings; and eligibility for additional training or study. Since UMI Council and management have autonomy to determine terms of service, annual salary adjustments should include consideration of research output. To lay the basis for this, research should be explicitly included in a staff member's job description and employment contract.

The Institute also needs to ensure that funds are available to support research and provide for research infrastructure. Partnerships with the business community could prove to be a good source of research funding. UMI should also consider joining the Council for the Development of Social Sciences in Africa (CODESRIA) which is one of the most important research organizations in Africa. It runs a number of programmes in building social sciences including Multinational Working Groups (MWGs) which bring together 10-20 researchers from various disciplinary backgrounds to work on selected research themes. The National Working Groups (NWGs) are made of 5-10 researchers in a country who work on a research theme of their choice. In both cases CODESRIA provides intellectual oversight as well as financial support. CODESRIA also offers under its Africa 21 programme, advanced grants for field work researched. The overall goal of the programme is to impart new skills to a new generation of scholars capable of adapting themselves to emerging global systems of learning research and publications to generate new knowledge about the continent.

As we conclude this section, it is important to remember that African universities and management development institutes have a tripartite mission: teaching, research and service. Although it is the teaching mandate that is better appreciated by the general public, it is the research function that will distinguish UMI from other educational institutions. Through research, the Institute will generate new knowledge which will contribute to solving societal problems, impart problem-solving skill to its students and eventually produce a stream of young researchers that can sustain the Institute. Moreover, research will enrich teaching, since it will provide both faculty members and students with familiar examples and will help to keep teaching relevant to the needs of society. Furthermore, any academic worthy of his or her salt in the technologically advancing and competitive world, should embrace the principle either of "publishing or perishing" or of "swimming or sinking". If UMI is to lead its students and have graduates whom the Institute will be proud of, and also products that will favourably compete with others, regionally or internationally, UMI teaching staff should set good examples for their students to emulate by engaging in real, viable and consistent academic research activities.



## **Implications for Learning Theory Mode to be Adopted**

There are different theories of how people learn and understanding them helps teaching and learning activities to be designed and implemented in accordance with their principles of learning. It also assists to think about individual differences among learners and to work towards including activities that have variety and interest for the majority learners. As observed by Gagne (1992) there are different types of levels of learning. The significance of these classifications is that each different type requires different types of instruction. Among the common learning theories we can identify include: (1) Sensory Stimulation theory – this theory has as its basic premise that effective learning occurs when the senses are stimulated (Laird 1985); (2) Reinforcement theory – developers of this theory believed that behaviour is a function of its consequences. The learner will repeat the desired behaviour if positive reinforcement (a pleasant consequence) follows the behaviour (Burns 1995); (3) Cognitive theory – the emphasis here is on the importance of experience, meaning, problem-solving and the development of insights. This theory has developed the concept that individuals have different needs and concerns at different times, and that they have subjective interpretations in different contexts (Burns 1995). (4) Facilitation theory – the basic premise of this theory is that learning will occur by the educator acting as a facilitator, that is by establishing an atmosphere in which learners feel comfortable to consider new ideas and are not threatened by external factors (Laird 1985).

While all the above mentioned learning theories are important, the cognitive and facilitation theories seem to be more relevant to UMI. This is because participants or students on UMI programmes go through learning processes that expose them to real life work-based situations to enable them to respond to management challenges in very practical ways. This is consistent with UMI's mission "to excel in developing sustainable management capacity". The common training methods used at UMI include lectures, group discussions and presentations, role plays, video presentations and at times case studies. These methods assist the Institute in achieving the principles underlying the learning process, which also apply to the training situation. These principles state that: (see Van Dyk et al. 2001:150).

- All people are capable of learning. Because people differ we do not all have the same approach to learning.
- People must be motivated to learn.
- Learning is an active process.
- Guidance is important in the learning process.

- Appropriate learning aids are essential.
- Learning methods should be varied.
- The learner must experience satisfaction from what he or she learns.
- The individual should be given positive reinforcement to correct behaviour.
- The learner should be required to attain a particular standard of achievement.

The mode of delivery which almost incorporates all the above principles of training is the case method which falls under the cognitive theory. Unfortunately, the use of this method at UMI is still in its infancy stage and therefore needs to be developed and strengthened. Cases assist in describing actual business situations. In that respect, dealing with cases is very much like dealing with the workplace problems that managers encounter. Case studies cut across a range of companies, industries, and situations, providing an exposure far greater than what students are likely to experience otherwise. They can increase their knowledge of many management subjects by dealing intensively with problems in each field.

Case studies help to sharpen the students' analytical skills. Students work with facts and figures to produce quantitative and qualitative evidence, supporting recommendations and decisions. Challenged by both instructors and colleagues to defend their arguments, students develop an increasing ability to think and reason rigorously. In addition, cases and case discussions provide a focal point for an exchange among students of the lessons of individual experiences. The Harvard Business School (1998) where the case method dates back to the founding of the school in 1908 believe that management education using cases is like legal training, medical training or any field of professional education based essentially on situational diagnosis and prescription. And basically the elements of effective learning through case study are (1) discovery, (2) skilful probing, (3) continual practice, (4) contrast and comparison (5) involvement and (6) motivation. All these promote analytical skills and conceptual understanding in the field of study.

However, before the case method can fully take off at UMI some ground work must be undertaken. First, the UMI faculty must receive appropriate training in this mode. The training should among others include developing cases and how to use cases while training. Second, UMI must develop its own case studies although in the meantime it could obtain some of the cases through partnerships with institutions such as Harvard Business School, Witwatersrand University (South Africa) and the University of South Africa (UNISA) which have already developed a variety of cases.

### **Active Marketing/Selling of UMI Services**

Organisations whether meant for making profits or not, at one point or another need to market themselves to the intended clients. Similarly, Uganda Management Institute would improve on its competitive advantage through marketing its services. Tertiary education institutions are required like business firms, to monitor and adapt to the continuous changes taking place in the political, economic, social and technological environment. Furthermore, universities and other tertiary institutions need to aggressively market their training services to industry while at the same time look into the possibility of providing research and consultancy services. That is why Gary Hamel and Prahalad (1998) believe that any company that is more of a by stander than a driver on the road to the future will find its structure, values, and skills becoming progressively less attuned to an ever-changing industry reality. UMI therefore needs to be market oriented. Albert Caruans et.al (1998) define market orientation as the organisation wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organisation wide responsiveness to it. It has long been argued that a market orientation is relevant not only to profit making institutions but also to not for profit organizations. The importance of information gathering, dissemination and responsiveness by universities (and by implication MDIs) is highlighted by Mazzarol and Hoise (1996) who note that to achieve a sustainable competitive advantage in international education, universities must develop a quality image. To do this, detailed and reliable data is required.

UMI's overall marketing objective must be to provide the Institute with a firm and sustainable competitive advantage over other competitors so that it can keep its clients, both old and new, highly delighted. The following could be UMI's specific marketing objectives:

- to annually update the marketing strategy for the Institute's services, concentrating on the quality of its programmes and services;
- to continuously improve the Institute's image and functioning;
- to enhance the entrepreneurial behaviour and commercial mindedness among all staff;
- to continuously improve the quality of UMI's services to reach world class standards and to delight the clients; and

- to expand further Institute's clientele especially among upcountry and top executive cadres.

Unfortunately, as earlier discussed, the Institute's marketing system is not yet fully developed and, inevitably, this has often translated into missed opportunities. The aggressive marketing strategy which is implied in the above specific marketing objectives has not been maintained. For example, the clients who were interviewed frequently mentioned the poor marketing of UMI activities. The clients also pointed out that UMI did not pay enough attention to its clients. Even in the case of tailor-made courses that were developed jointly with the clients, UMI did not undertake systematic follow-up. Since these are low cost activities with prospect for positive results, UMI should be able to take remedial steps within a short time.

Marketing activities at UMI have for a long time been carried out on an ad hoc basis, largely because the demand for UMI's training services has been growing steadily, and there has been only limited local competition. There has therefore been no pressure or need to consider marketing as a strategic issue. But obviously it would be wrong to portray UMI as the sole player in the field of management education and consultancy. As observed earlier, following liberalization very many institutions have come up to compete in this area. In response to the apparent demand to acquire higher training and qualifications in management disciplines, a number of market driven institutions including universities are opening their doors and offering a wide range of management training and education in the area of management training and development.

Therefore against the background of the real and potential competition among the management education providers, it is necessary for UMI to conduct a market survey covering government ministries, local governments, NGOs and the private sector to:

- examine the nature of current business context for management development activity
- ascertain the character, function and scope of management development activity, and how these might change in the near future
- determine the extent of demand for all courses offered at UMI
- assess whether participants who attend courses are happy with the content and methods of delivering the courses

- get feedbacks from employers and former or potential students of UMI
- satisfy itself whether there is need to decentralize its programmes to enable upcountry participants to attend the courses without coming to the main campus.

UMI has not yet entered into a serious analysis of the market in which it is engaged. This needs to be done as a matter of priority, properly and professionally, if necessary by external consultants. Holding market surveys would enable UMI to interact with stakeholders in all relevant sectors with a view to sharing what the Institute does. The Institute should share with them information on the kind of programmes it offers, modes of admission and programme delivery, tuition payment, and some exciting innovations the Institute has come up with. Similarly, the stakeholders (employers, past students, prospective students) would provide information on the kind of training programme they would wish to have, which interaction would enrich and make the curricula relevant to the consumers. This therefore calls for UMI to enhance its entrepreneurial ethos, communicate effectively with the relevant publics, keep close to its clients and ahead of competition. Ideally UMI should conduct customer surveys annually so as to remain close to its clients and respond pro-actively to opportunities and problems identified. To spearhead the marketing strategy, it would be advisable for UMI to appoint a fully fledged officer (say a Business Development Manager) to undertake this specific marketing function. At the moment every member of staff (especially those of the teaching cadre) have in their job descriptions a task to market the business of UMI. Unfortunately, largely because of the heavy teaching loads, and partly because they have no training in the marketing function, not much has been done in this direction. A specialized marketing person would therefore bring better results to the Institute which are likely to strengthen UMI's share on the market by attracting new customers both in the public and private sectors including NGOs.

### **Potential for Strategic Partnerships**

We have already discussed the need for UMI to think and operate strategically. The necessity to develop appropriate courses needs no further emphasis, and as we have discussed, the Institute must have substantial research components in every course. In addition, UMI should not act as if it is comprehensively living on its own island. It must keep in touch with the real world which among others, consists of similar training institutions (local and external) and the business and corporate world where most of its graduates expect to be gainfully employed. In other-words therefore, it is imperative for UMI to forge

partnerships with other institutions and organizations so as to fill gaps and build complementary strengths in its provision. Gareth Morgan (1998) correctly points out that in the organizational world we find that, as in nature, collaboration is often as common as competition. Organisations in the same industry frequently get together under the umbrella of trade and professional associations to collaborate in relation to shared interests. Similarly as discussed under the first Learning Goal, educational institutions such as Uganda Management Institute are no exception to the need for collaboration and partnerships with others. As Veugeliers and Zijstra (1995) indicate, networks assist managers in educational institutions in a number of ways, which include interpreting government policies; the ability to influence government policy; and the sharing of experiences which results in increased professionalism. In fact, in response to the needs for universities and other tertiary institutions to diversify their sources of funding and ensure relevance in their curricula and research such institutions have in recent decades been forging links with industry and the business world. Bennh (2002) observes that the linkages are mainly in three important areas: human resource development, research and financially related linkages.

Unfortunately, as both Mitiku and Wallace (1999) observe, many East African management development institutions (MDIs) are trapped in a vicious circle. Too few of them (including UMI) collaborate effectively with their intended clients, the management community. Instead they focus their attention on government and internal donor community, their primary funding sources. In turn, many members of the management community ignore the potential contributions of these institutions. This lack of recognition by potential clients reinforces the shortage of funds, poor facilities, irrelevant training materials, and an inability to attract and retain qualified professionals. Therefore, in order to alleviate some of these shortcomings, UMI has to establish effective partnerships with the major business communities in the private, public and NGO sectors.

In addition to fostering closer links with industry and the public sector, it is clear that UMI will also need to develop closer links with other management educational institutions, both nationally and internationally. The establishment of national and international networks, which has already partially commenced, will broaden and deepen to ensure that UMI is able to increase the scope of its programmes and to ensure that the institute participates in the process of globalization, while being able to offer to students an educational process which better reflects their career experiences and expectations. Alliances with other universities or tertiary institutions will increasingly be advantageous to UMI in future for several reasons.

First is the critical success factor of geographical reach. Partnerships with international reputable training institutions will allow UMI the opportunity to expand its reach without the significant investment required for new facility construction. Second is the need to understand and play in global markets. And finally with increased competition and declining resources, UMI may be forced to squeeze out redundancy from its cost structures and focus on core competences. This corresponds with the potential industry shift toward increased specialization (Friga et al 2003), as UMI does not need to offer all programmes, especially with the advance of distance learning. Presently, the Institute has several members of staff pursuing doctoral programmes in various universities e.g. University of Glasgow, Birmingham University, University of Science (Malaysia), Witwatersrand University (South Africa) etc. Such universities could be excellent allies for UMI not only for staff development programmes but also in providing joint ventures in research, curricula development etc.

For example the University of Witwatersrand in South Africa which is considered as the best University in Africa can be a useful partner. This university has a Graduate School of Business Administration (Wits Business School) and a Graduate School of Public and Development Management which are very relevant to the programmes offered by UMI. The recent Financial Times survey of Executive Education programmes of May 2006, Wits Business School was ranked 53 amongst global Business Schools. The school can therefore be a dependable partner with UMI especially with the Department of Business and Management which the writer has suggested. Similarly, the Graduate School of Public and Development Management which offers courses leading to the Masters of Management (Public and Development Management) and Masters of Management (Public Policy) can collaborate with the proposed Department of Public and Development Management at UMI. Being a university on the African continent, the University of Witwatersrand is more desirable because its works are likely to be more relevant to the Uganda requirements and environment than other universities from elsewhere. Furthermore, formalising a partnership between UMI and that university is likely to be easier because at the moment UMI is sponsoring two members of its teaching staff for PhD programmes at the Wits Business School. Another higher learning institution in South Africa for UMI's partnership would be the University of South Africa (UNISA). This institution is reputed as one of the largest distance teaching universities in the world, and UMI stands to benefit greatly when the proposed Department of Distance Learning is established. The Institute would be able to use that university for training its staff in distance education and also utilise UNISA's proven training materials although they might need a slight blending to suit the Uganda situation.

Also as a means of acquiring an international touch, UMI could strike a collaborative relationship with the School of Public Policy of the University of Birmingham. The School is reputed for improving the capacity of government and public organisations to work effectively. It is also well known for public policy analysis and strengthening democratic institutions which skills will be very crucial if UMI establishes its niche in the public sector. Fortunately, the Birmingham School of Public Policy has been involved in the ongoing public service reforms in Uganda and it is therefore not new to the needs of Uganda's public sector. Like the University of Witwatersrand, UMI has one PhD student at Birmingham University which is likely to make it easier for the partnership formalisation. UMI needs to develop a strong network relationship with other management development institutes (MDIs), universities and other training institutions externally and within Uganda in order to build a formidable team to undertake the required teaching, research and consultancy needs in Uganda and the region. It is also necessary that UMI should embark on exchange programmes (staff and students) with other institutions so as to profit from the collective wisdom of each other. And this could initially be done through its network.

The UMI leadership therefore needs to think carefully about formalizing relationships with those value-adding institutions. As shown in Boxes 3.1 and 3.2, Makerere University and Makerere University Business School (MUBS) which can be considered as the major national UMI competitors have achieved a great deal of networks with many institutions of higher learning nationally, regionally and internationally and UMI can just not afford to keep itself behind. For example the Makerere University Business School offers collaborative programmes in partnership with other universities and institutions; the main area of focus being research, business and management, accounting and finance.



**Box 3.1: Universities Affiliated to Makerere University**

University of Florida  
John Hopkins University  
Witwatersrand University  
Pretoria University  
Dar Es Salaam University  
Bergen University, Norway  
Lund University, Sweden  
Tufps University, Netherlands  
Sussex University, UK  
Columbia University  
Uppsala University, Sweden  
Copenhagen University, Denmark  
Amsterdam University  
Oslo University, Norway  
Uganda Martyrs University  
Mbarara University, Uganda  
Gulu University, Uganda

***Source: The New Vision: University Guide 2006/2007***

**Box 3.2: Makerere University Business School Collaborators**

Makerere University  
University of Nairobi  
Dar Es Salaam University  
University of Trento, Italy  
University of Stirling, Scotland  
The African Project Development Facility  
USAID  
DAAD  
National University of Rwanda  
Kigali Institute of Science & Technology  
Moorehouse College, USA  
Southern University, Baton Rouge, USA  
Johnnes Kepler University Austri  
GTZ  
Jonkoping International Business School  
British Council  
George State University  
Operation's Research Society of East Africa  
Drake university  
University of Twente  
Maastricht School of Management

*Source: [www.mubs.ac.ug](http://www.mubs.ac.ug)*

Uganda Management Institute also stands to benefit when it collaborates with the various professional bodies which offer courses leading to professional qualifications. For example, Box 3.3 gives an outline of some professional accounting qualifications which are obtained from courses offered by the professional bodies. The Institute can establish partnerships with such bodies by preparing students for the professional examinations of these bodies. This is likely not only to result in good financial earnings for UMI but also build professional capacity and international image for the Institute. The Makerere University Business School is already offering these professional courses to students.

**Box 3.3: Professional Bodies/Courses**

Certified Public Accountants of Uganda	(CPA-U)
Certified Public Accounts of Kenya	(CPA_K)
Accounting Technicians Certificate of Uganda	(ATC_U)
Association of Chartered Certified Accountants	(ACCA)
ACCA – Diploma in Financial Management	(Dip.FM)
Institute of Chartered Secretaries & Administrators	(ICSA)
Chartered Institute of Marketing	(CIM)
Chartered Institute of Purchasing & Supply	(CIPS)
Certified Internal Auditors	(CIA)
Chartered Institute for Personnel Development	(CIPD)

As a further mode of partnership, and in an effort to breakdown the division between education and employment, UMI can approach local business enterprises to explore the possibility of short-term student placements, semester internships, or other types of work/study programmes. A rethinking of curricula and academic requirements will consequently be an important aspect of any attempt to enhance the quality and relevance of UMI's programmes. And obviously, the local business community can be an important partner in this undertaking.

We however need to remember that collaborative arrangements do not emerge overnight, and as Brouder and Pritzil (1992) have observed, they need to be planned and timetabled. This is a crucial point to note and underpins the need for a strategic approach to be taken towards building relationship arrangements as individuals from different institutions possess different mindsets. Planning for partnerships possibly needs to start with the composition of the highest policy-making organ which in the case of UMI is the Institute Council. Representation of the public and private sectors on UMI Council can facilitate interaction with civic and business communities and enable their experiences to bear on UMI activities. Unfortunately, at present, the private sector is not directly represented on the Institute Council whose membership is largely drawn from the public sector (see Universities and other Tertiary Institutions Act, section 38). Such an omission denies the Institute a legalized partnership with the private sector. To reduce this imbalance in the UMI Council membership, and to ensure that the needs of the various sectors served by UMI are adequately catered for, the establishment of public, private and NGO fora is suggested. Possibly an annual conference of the stakeholders of a particular sector could be organized

by the Institute in which issues (challenges and opportunities) pertaining to that sector would be discussed. Such fora are likely to bridge the gap between UMI and the respective sector which would among other things, lead to developing curricula that are relevant to their needs. It would also be possible to use such gatherings for raising funds needed for UMI's institutional development. The Makerere University Business School which is one of UMI's competitors is already organizing annually what they have termed as "International Conferences" to tackle particular themes e.g. Globalisation and development, HRM and Corporate revival etc. These Conferences have been successful and MUBS and the conference participants have greatly benefited from them.

Furthermore, once a partnership arrangement has been formed, adequate and continual communication between the partnership members needs to be maintained. Accordingly this means that senior management in each partner institution keep their counterparts informed about their plans and priorities. This is essential if trust is to be maintained and the partnership arrangement is to be expended in a logical and structured manner. This therefore requires that proper partnership should be formalized and made concrete with a Memorandum of Understanding (MoU) indicating the terms of reference (ToRs) of the partnership which will clearly state the areas of collaboration. Presently, as shown in Box 6, UMI claims to have partnerships with many organizations and institutions but the Institute does not have formal MoUs with the majority of those institutions. It is also worth noting that UMI established a partnership with the Institute of Housing and Urban Development Studies (HIS) in the Netherlands which trained six members of UMI staff in urban management and development who in turn started the postgraduate diploma in Urban Governance and Management (DUGM) at UMI. Unfortunately since their training in Rotterdam (Netherlands) in 2004, the partnership between the two institutions (UMI and HIS) has not been strengthened. The relationship should be revitalised because failure to do so leads to lost opportunities for UMI.

**Box 3.4: Institutions Collaborating with UMI**

<b>Name</b>	<b>MoU Existence</b>
Tanzania Civil Service College	Yes
British Council	Yes
Kigali Institute of Science & Technology	No
Netherlands Housing & Urban Institute	No
UNDP	No
Commonwealth Association of Public Administration & Management (CAPAM)	No
African Association of Public Administration & Management (AAPAM)	No
Uganda Association of Public Administration & Management (UAPAM)	Yes
Association of Management Training Institutions in Eastern & Southern Africa	No
Association of African Management Consultants	No
International Association of Schools & Institutes of Administration	Yes
World Bank Institute	Yes
International Institute of Administrative Sciences	No
Harvard Business School	No

The contents of Box 3.4 do not depict a satisfactory picture for UMI as far as the existence of useful and strong partnerships is concerned particularly when the contents of Box 3.4 for UMI are compared with those in Boxes 3.1 and 3.2 for Makerere University and Makerere University Business School (MUBS) respectively. The majority of the organizations with which UMI is a partner are mere associations whose relationship at best ends in attending their annual conferences while Makerere University and MUBS have partnership with sister universities and tertiary institutions. Although UMI could use such conferences to establish alliances with the individual institutions which compose the respective associations, not much has been achieved in that direction. The only training institution with which UMI has signed a memorandum of understanding (MoU) is the recently established Tanzania Civil Service College which obviously expects to learn more from UMI than the reverse. UMI therefore needs to make fast moves in establishing partnerships not only with universities and other tertiary institutions but also with the business community. Uganda Management Institute has been selected to host the 2008 Annual Conference of the International Association of Schools and Institutes of Administration (IASIA). It could use this linkage and advantage to establish partnership not only with institutes from the African continent but

with even those from beyond. This is likely to lead to joint ventures such as research projects, joint consultancies, developing of global training materials and faculty exchange, all of which will add value to UMI.

### **The Revenue Base And Its Need For Expansion**

One of the biggest challenges that higher education in Uganda has faced over the last decade have involved a dramatic shift from what had long been an automatic assumption, that public institutions will receive their funding from the public purse. Since the 1990s government funding to public universities and other tertiary institutions has declined in real terms not only in Uganda but in the whole of Sub-Saharan Africa (World Bank 2002). The causes have been many but generally have included changing donor priorities, changing government rules and regulations to cope with national economic turbulence, international economic trends, legislation and political trends in the respective countries (Onyango 1996; Mutula 2002). In addition, democratisation, fluctuation of local currencies, rising inflation, deregulation of economic sectors, privatisation of government activities, unemployment, debt servicing and donor fatigue have had negative effects for funding of higher education in Uganda. The general trend in Uganda and Africa in general is provided by the Association of African Universities (1991) in its assessment of the university cost-effectiveness where it states that:

*The continuing economic crisis in Africa makes it very unlikely that funding from government, which is the major source, will significantly improve. In fact, it is more likely that the value of these funds may dramatically drop in real terms. This situation may pose a more serious challenge to the capability of the universities and other tertiary institutions to maintain the present level of quality of outputs, which are already under severe constraints ..... While government sources will be critical, diversifying the institutions' sources of funding will give them greater flexibility to undertake necessary improvement measures. It is a challenge that requires the utmost attention from the universities.*

The above statement accurately sums up the principal financial constraints of the Ugandan higher education where Uganda Management Institute is included. Table 3.2 fairly represents the worsening funding relationship between the government and UMI.

**Table 3.2: Government Subvention to UMI 2000/2001 – 2004/2005 (USH' 000)**

Year	UMI Total Budget	Actual Govt Funding (Ushs)	Actual as % of Total budget
2000/2001	3,154,340	442,027	14.0
2001/2002	2,986,873	439,999	14.7
2002/2003	2,977,702	400,000	13.4
2003/2004	4,090,112	395,560	9.7
2004/2005	4,358,502	397,701	9.1

**Source: UMI Finance Department**

As Table 3.2 shows, while UMI's total annual budgets are on the rise, government funding to the Institute is steadily declining. For example between 2000/2001 and 2004/2005 Financial Year (FY) the government's funding proportion to UMI's total budget declined from 14 per cent to 9 per cent and the trend is almost bound to continue in that direction as the Uganda government continuously experiences budgetary constraints. Unfortunately, during this same period (2000/01 – 2004/05) partly because of increasing operational and development costs, UMI's budget rose from Shs 3,154,340,000 to Shs 4,358,502,000 which represents an increase of 61 per cent in five years. What this means is that UMI should plan to be less dependent on government for its funding and instead explore alternative means of funding and modes of provision.

Although the transition has been difficult, most systems of higher education today have accepted the fact that complete reliance on public financing is no longer realistic (El-Khawas 2001) and UMI cannot be an exception. For most institutions, however, adoption has meant belt-tightening, which has meant lower levels of service, crowded lecture halls, holding back on salaries and relying on part-time and lower paid staff. Indeed UMI cannot choose this option, because doing so will automatically prevent it from becoming a world-class management development institute which will be contrary to its vision. UMI could instead become more entrepreneurial, developing new sources of income and become efficiency – minded, taking a hard look at how every spending decision contributes to the institution's overall goals. Entrepreneurship as defined by the Harvard Business School (2004) is a way of “managing opportunities over time – an approach to management that entails the continuous identification and pursuit of opportunity, the marshalling and organisation, of resources to address evolving opportunities, and the ongoing reassessment of needs as the context changes over time”.

The success of some of the private universities which have emerged and gained prominence in Uganda should be a good eye-opener to UMI that it can survive even without government funding. The most successful private universities in Uganda such as Uganda Martyrs University – Nkozi, Uganda Christian University – Mukono, Nkumba University and Kampala International University rely on their own sources of financing to run their programmes. Therefore the success of these institutions and many others across the region should alert UMI to the possibility of funding outside government funding. At the moment however, the writer is of the view that UMI has yet to show pragmatism and dynamism that will lead the Institute to self-sustainability. The Institute is observed as being slow in taking appropriate steps to diversify its revenue sources. When the UMI faculty respondents were asked to suggest reasons why UMI has been sluggish in this area, the majority of the respondents identified three common causes as being:

*Lack of entrepreneurial skills by some of the UMI leadership (ii) Failure to operate under the guidance of a business plan and (iii) Lack of skills in formulating technical and financial proposals.*

With regard to *entrepreneurial skills*, the respondents pointed out that many UMI staff lack entrepreneurial skills; a number of them still follow the civil service behaviours which they displayed when the Institute was still purely a government department. Whereas innovative ideas are not lacking, it was noted that converting them into saleable units to generate income for sustainability is still a major problem particularly for heads of department, who are expected to provide guidance.

The UMI faculty respondents were of a common view that converting an innovation into a business enterprise requires a detailed and well structured business plan. Unfortunately, it was observed that all departments work without business plans and conduct business on an ad hoc basis, with no projections, targets or departmental strategic plans. They also have no indicators to evaluate performance and profitability. It is also important to note that currently UMI as a whole does not have a business plan which makes monitoring the performance of the departments difficult.

While commenting on *the lack of skills in formulating technical and financial proposals*, the UMI respondents explained that occasionally, government ministries, NGOs and donor agencies call for tenders for technical and consultancy services. They observed that given the pool of specialists at UMI, most of this consultancy could be easily provided by UMI staff. They



however pointed out that possibly due to lack of skills and experience, it is difficult for them to put a winning technical proposal which automatically leads to loss of business.

There are several means which UMI can employ to expand its revenue base. Such means include: broadening the UMI clientele through the introduction of distance/e-learning; reviewing the curricula to make it more relevant to both local and international labour markets; establishing viable partnerships that are likely to result into revenue-generating ventures; establishing a niche that will aim at tapping government and donor funds; quality improvements to beat the competitors; and the promotion of research and consultancy as a dependable source of revenue. The writer believes that all of those will provide UMI with a better competitive advantage out of which more revenue will be earned for the Institute.

In addition, one of the more obvious ways for UMI to increase its income could be through making its teaching, accommodation and restaurant facilities available for hire by the general public particularly for conferences, exhibitions or conventions. For example at the moment a lot of space is left idle during the morning hours for lack of participants most of whom have opted to attend the evening programmes. Furthermore, the conference hall has been refurbished; the then staff residential maisonettes (now renamed "Kalebbo Block") have been converted into class rooms and syndicate rooms and the Global Distance Learning Centre (GDLC) has been upgraded with new equipment and furniture for the videoconference room and computer labs. All these could be hired out and evidence from other institutions confirms that such facilities can produce significant income. The opportunity costs of any such development would, however, have to be considered.

One other area (though sensitive) through which the Institute could make savings would be the reduction of the number of non-academic staff who do not directly contribute to its core business. As we learned under the first Learning Goal, currently UMI has a total labour force of 142 out of which only 27 comprise the teaching staff who constitute the Institute's core business. The rest (i.e. 115 employees) are composed of administrative and other support staff. The support staff generally provide student welfare services, campus maintenance and security. Savings could be effected through progressive privatisation (outsourcing) of many of these services. In addition, the selective privatisation of non-academic services (e.g. catering) could also bring other advantages. It may reduce the cost and increase the quality of such services through market competition. It may decrease the time that senior managers spend on supervising non-academic affairs and allow them to

give greater attention to academic programmes. It may also give UMI leadership additional leeway in responding to students grievances relating to provision of food and other services. Notable gains in the reduction of non-academic employees have been achieved in several institutions. For example at the University of Ghana/Legon, similar cut-backs produced savings which were used to create a staff development fund (Saint 1992).

Financing the budget through fundraising operations could be another source of expanding UMI's revenue base. Fundraising represents genuine financial diversification and encourage the involvement of the wider community, particularly the business sector in the funding of the institution. Obviously, the success of such efforts will depend heavily on the Institute's ability to marshal the requisite managerial and fundraising skills. The wealth of experience elsewhere, might usefully inform these efforts. In the meantime, UMI's chief executive (Director General) may find it a value-adding task to spend more time in fundraising and related efforts to enhance the profile of the Institute in the public eye.

The UMI Alumni Association could also support their institution in various ways. UMI therefore needs to make a tracer study of its alumni with the aim of tapping financial and other resources from them. Many of the people who have attended UMI programmes are occupying senior positions in both the public and private sectors and can therefore be a major source in influencing income generation for their former institution – UMI. Although a UMI Alumni Association was launched four years ago, there is not much on the ground to show that it is effectively contributing to UMI's development and probably this might partly be due to UMI's management failure to devise means of how the alumni potential could be tapped.

### **The Leadership**

An organization is as good as its leader and whatever qualities the leader possesses permeates the entire organizational structure. This is particularly so in matters relating to faculty development where staff generally mirror, in their work and play, the image transmitted by their leader be it at departmental or corporate level. The sense of direction that the leadership provides and the institutional environment and processes it fosters have a bearing on the creativity and innovativeness that characterize an effective professional institution such as Uganda management Institute. A leadership that is obsessed with procedural and hierarchical controls is likely to encourage organizational rigidities and stifle

creativity. On the other hand, a leadership that is accessible to the staff, receptive to ideas and encourages experimentation, questioning and risk-taking will tend to stimulate innovativeness and commitment on the part of the faculty. Tackling all the problems currently facing UMI e.g. the physical constraints of Institute accommodation and the narrow revenue base will require astute and resolute leadership which is likely to have to make tough choices, strike new ground in fund-raising, and make decisions on the balance between private and public sector activity.

Obviously, successful institutions need effective strategic leadership, which means UMI must have leaders (at all levels) with a vision who can create a new managerial mindset. The new competitive landscape requires managers with the foresight and courage to disrupt equilibrium in the Institute, even when UMI may be performing relatively well. This is because the ability to “read” and understand what is happening in an organization and its environment is a key managerial competence, especially now, when managing change is one of the business’ greatest concerns.

A major role for the Institute’s leadership must be spearheading UMI’s vision to be a world class management development institute. A vision can play several roles for many years. First it will guide strategy, suggesting strategic paths for the Institute. Second it will help perpetuate the core of the business and ensure that its core competences are preserved. Third, and perhaps most important, it will inspire those in the Institute by providing a purpose that is worthwhile. It is important to emphasise that a vision plays a key role in producing useful change by helping to direct, align, and inspire actions on the part of large numbers of people. Without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible, and time-consuming projects that go in the wrong direction or nowhere at all. Of course not every vision can move people; to have a chance of working, the vision articulated and pushed in an academic institution of UMI’s type must align sufficiently with the personal aspirations of a critical mass of important faculty members, or it will be ignored, if not derided. Only when a number of respected faculty embrace and then modify the vision will it become acceptable and a force for change. That is why it is important that all levels of UMI staff and other stakeholders are sufficiently and continuously internalized with the Institute’s vision. In case of UMI’s changes, there are many stakeholders at many levels. Not only is the support of a critical mass of faculty is needed, but also the Institute Council members, key administrators, alumni, employers and current and prospective students.

The UMI leadership which for the purpose of this discussion includes the Institute's Council, top management and heads of department and sections must have foresight, and be able to interpret the environment within which the Institute operates. This will lead to well articulated strategic decisions that will benefit the Institute towards its sustainability, survival and success. In addition, the leadership must ensure that all those under their respective guidance fully appreciate the Institute's plans, strategies and strategic actions so that the majority (if not all) feel a sense of corporate ownership. The biggest mistake leaders make when trying to change organizations is to plunge ahead without establishing a high enough sense of urgency in fellow managers and employees. This error is fatal because transformations always fail to achieve their objectives when complacency levels are high. And as pointed out by Kotter (1996), without a sense of urgency, people won't give that extra effort that is often essential. They won't make needed sacrifices. Instead they cling to the status quo and resist initiatives from above. All this demand, that UMI leadership should move towards more business-like forms of management and governance. It should encourage and put in place systems of accountability, quality assurance and performance monitoring while management innovation should become a permanent quest.

# CHAPTER FOUR

## THE WAY FORWARD

This concluding chapter is not intended to produce a strategy because this will depend critically on what the market survey reveals. There is however enough indicative evidence to indicate some of the main lines of thinking that need to be pursued. As earlier stated, the main objective therefore is to reach some conclusions and recommendations on an appropriate strategy for UMI during the next 5 – 10 years. We will however focus on the most immediate steps that would create a platform for longer term development. We need however to emphasize that the choice of UMI strategy will depend on its analysis and understanding of both the external and internal environment. Obviously, given the rapidly changing environment and its implications for management education, a strongly structured plan may not be the most appropriate. Instead, UMI should be looking at an emergent or crafted strategy which can be adjusted to further changes as they appear necessary, with new threats and opportunities in the environment. Such a strategy can be relatively loosely formed but will need to be supported at a practical level with a strong business plan for UMI and probably for the various departments within it to ensure a good fit between what they are doing and what the Institute as a whole is aiming at.

This chapter further provides a synthesis of the salient issues which the studies from the various Learning Goals have uncovered. These issues are pertinent because addressing them positively will provide a competitive capability which is both distinctive and sustainable. Uganda Management Institute has therefore to make a number of key decisions and undertake the relevant actions necessary to realise the agreed strategic objectives. UMI is committed to pursue the path of excellence and become a world-class management development institute (MDI). This world class vision has one important benefit – it focuses attention on academic and professional standards and improvement, the role of UMI in society, and the way the Institute fits into national and international systems of management education. Of course striving for excellence is not a bad thing, and competition may spark improvement but what must be appreciated from the word go is that the path is full of challenges which UMI must face with a strategic focus and commitment.

The initiation of any development programme which has shown promising results always presents the challenges of how to continue and improve such a programme. There are

therefore several major issues to be addressed now and in the future if the gains made by UMI are to be improved, expanded and consolidated. No doubt, the Institute's ability to obtain and maintain a lead position in management education, research and consultancy will very much depend on accurate analysis of development management trends and customer needs, on constant upgrading of its internal operating systems and procedures, and on constant upgrading of human resource skills and capabilities.

Over the years UMI has transformed from a small in-service training Institute that used to cater entirely for the public service to a middle – sized Management Development Institute (MDI) that is broader in outlook today. Since 1992, UMI has been offering training programmes and advisory services to public, private and NGO sectors due to their complementary role in national development. Its programmes are distinctly practice – oriented and are aimed at enhancing individual and organizational performance. Over 10,000 participants have trained in its various management fields since 1992 (UMI Strategic Plan 2007 – 2012). Nearly every major public, private or non-government organization in Uganda has UMI alumni on its list of present or past employees. However, although the Institute has been reasonably successful in discharging its primary function of developing management capacity in Uganda in the last fifteen years, it must radically change its strategy to provide the country (and the neighbouring countries) with the administrative, managerial and leadership capabilities that will enable it to achieve its vision of becoming a world-class MDI.

As we have seen in our analysis in the First Learning Goal, and again in chapters 2 and 3 of this section, in the last decade there has been considerable debate about the developing role of business schools and about the appropriate models, in the light of the national and international competition among management education providers, and the way that the internet and e-learning has transformed the opportunities for extending the market. If UMI is to develop its strategy successfully, it will need to keep abreast with what is happening as this debate continues, for new ideas and new models will continue to emerge, requiring adaptation and continuing development from the established institutions. In order to secure a place in this competitive environment, UMI must undergo drastic transformation to be able to provide management education of the quality that is needed. UMI must realize that the more forward – looking management education providers are already beginning to implement changes to their curricula, their marketing strategies, their alliances and partnerships. They have realized that in the

future, the management education market will become increasingly competitive. More providers, new methods, creative strategies, global opportunities will provide a varied choice to students across the world. The successful management education providers of the future will offer innovative programmes, backed by appropriate resources, to guarantee an excellent faculty body, an international experience and a multi-cultural environment to its students. UMI however faces a number of pressing issues which must be addressed. They include:

- the effects of national development and globalization on management education and how to respond to this phenomenon as discussed in the second and third chapters of the First Learning Goal;
- the shortage of highly qualified faculty and what to do to make up for the shortfall. These issues were discussed under chapter five of the First Learning Goal;
- the need to introduce softer skills into the curriculum while preserving the more analytical concept-based courses;
- the effect of information and communication technologies on teaching and learning methods which were analysed under Learning Goals 1 and 5;
- the need to achieve financial balance and whether current or alternative funding models are sustainable. This is because the government is seeking to reduce its support to higher education institutions and encouraging them to look for alternative sources of funds as we have seen under the First and Fifth Learning Goals;
- the need to adopt more effective governance structures and to make the appropriate strategic choices that will allow the Institute to better cope with competitive pressures as reflected under the third chapter of Learning Goal No.5; and
- the need to strengthen reputation and build up the Institute brand in order to secure its long term competitive position as discussed under the fourth and last chapters of the Fifth Learning Goal.

All these challenges if met successfully, create opportunities for UMI to differentiate itself from the crowd of management education providers.

There are other equally important issues that need to be attended to so as to provide a strong foundation to UMI's progress and sustainable success but the following choices and recommendations<sup>1</sup> deserve special mention:

## **1. Market Research**

We have concluded from earlier discussions particularly under the second chapter of Learning Goal No. 5 of the importance of understanding the marketplace and the relative absence of up-to-date market research by UMI that one of the most pressing needs for UMI is to understand the market segments and what they imply for customer preferences for delivery methods and curriculum. This therefore requires a comprehensive market research or survey carried out preferably by an external expert consultant. A rudimentary understanding of marketing tells us that not all customers are the same: they have different characteristics and needs, behave differently and so on. Markets are therefore most usefully thought of in terms of market segments; and identifying which organisations are competing in which market segment is, in itself, a valuable exercise which UMI must undertake. Such a survey will help to inform UMI's consideration of strategic choices by providing an understanding of what is happening externally - creating opportunities and threats to which a timely and appropriate reaction should be generated. Through market research, UMI's strategic analysis and decision making will be aided and it will further help the Institute to cope with change. As noted earlier, UMI is now placed in a rapidly changing and increasingly unpredictable global and national environment and therefore needs approaches for coping strategically. The emerging public and private universities and tertiary institutions in Uganda and the distance education/e-learning programmes provided by both local and international institutions provide a big challenge for UMI's survival because they intensify the competition which UMI must strive to overcome.

Undertaking a market survey will further assist UMI to understand its competitors' performance (i.e. programmes offered, methods of delivery and staff competences). Of special interest, the survey will assist UMI to understand the customers' needs and the competitors' strengths and weaknesses so as to develop a strategy that will focus on exploiting the competitors' weaknesses or

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<sup>1</sup> The recommendations have to be treated as provisional, since they will depend critically on the undertaking of market research and the directions in which it points. However, for the purposes of



neutralising or bypassing the competitors' strengths and gradually acquire a bigger market share by responding to the customers' needs appropriately. The survey will further reveal the trends within the market because such trends will inevitably affect current and future strategies to meet customer preferences. As earlier discussed, UMI has not carried out any comprehensive market survey and any further continuation of this omission will leave UMI drifting with no basis for control over its direction: the consequences are obvious.

## **2. Curriculum Review**

UMI's customers need a product in the form of a curriculum which meets their organizational and business requirements. And it is imperative that such a curriculum is recognized by all stakeholders to be appropriate to their developmental needs and as such the stakeholders should have some degree of participation when the curriculum is being determined. As pointed out by Martin and Robson (2007), the market is becoming more segmented comprising individual and organizational buyers and suppliers with different types of demand, motivations, interests and values. It is therefore recommended that UMI should establish a "Standing Committee in Curriculum Development" representative of all stakeholders. The committee's role should be to coordinate rigorously and continuously activities within the Institute to ensure product initiation and updating. We are convinced that the contribution of UMI is based on the quality of its graduates; the skills of the graduates depend critically on the content of its training programmes; and the quality of its training programmes depends ultimately on the abilities of the management of the Institute. It must be re-emphasized that the curriculum is important to the applicant, the employer and the training institution. Thus the programme content is an important aspect for UMI. In order for the programmes to fit the need and requirements of the customers of that product, they must always be in a state of flux. Thus, the programmes need continually to adapt to their environment and anticipate what will be necessary in the future. As the pace of business increases, so does the need for the curriculum to keep up with the changing requirements of the competences. In other words, flexibility and adaptability are crucial attributes of training programmes. The evidence derived from the Learning Goals covered by this writer clearly demonstrates that students and employers believe that the

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presentation here, this conditionality is assumed throughout rather than repeated in each case.

curriculum should address strategic issues and topics in an integrated and progressive manner; and they should be designed for today's or tomorrow's managers.

As discussed in the previous Learning Goals, UMI offers both long and short programmes. The long ones lead to awards of ordinary diplomas, postgraduate diplomas and since 1999 a Masters in Management Studies (MMS). The short programmes are basically sandwich executive courses which are aimed at equipping the participants with the latest developments in the respective managerial disciplines. Of course in line with what has been discussed above, such programmes need to be monitored and reviewed so as to keep abreast with the market needs. However, as it has earlier been revealed, through the writer's personal observations and opinions generated from interviews with UMI staff and students, one notices that the Institute has not been active in reviewing the curriculum. Since the introduction of the modularization system of the postgraduate diploma programmes which was done in 1998 with the assistance of the Glasgow Caledonian University (GCU) under the Institutional Development Project funded by the then Overseas Development Agency (ODA) (now DFID), no serious review of UMI curriculum has been carried out. Glasgow Caledonian University assisted UMI to develop modules which were relevant to the Public Service reforms which had started in 1993. Apart from the participants (students) whose immediate views over the module are solicited at the end of each module, no other stakeholders e.g. employers and alumni have been requested to provide their comments on the contents of the various modules. Furthermore, up to 1998 there used to be an annual stakeholders' workshop to comment on the short courses before the Institute's annual Prospectus was published. Unfortunately, such useful workshops have since ceased to be held. The causes for this laxity in reviewing UMI's programmes have partly been the unprecedented increased enrolment of participants on the postgraduate programmes which UMI appears to be taking for granted. Also the failure by UMI to undertake regular surveys on the training needs of the would-be participants and client organizations has contributed to this undesirable development. The failure to review the contents of the short courses might have contributed to the decline of the numbers of participants on these programmes as indicated in the first Learning Goal.

UMI therefore needs not to be complacent. It must always monitor the demands of the market and tune its programme packages based on the prevailing market needs. This calls for regular (may be biannual) reviews of the curriculum and such an exercise should inevitably encourage the participation of all relevant stakeholders such as employers, students and the alumni in form of workshops, interviews or by even administering needs questionnaires. Now that a Research and Consultancy Unit has been established at the Institute, that exercise should not prove to be difficult. Furthermore, as proposed elsewhere, the appointment of a Business Development Manager would provide an excellent link between UMI and the clientele. Obviously if UMI cannot offer relevant programmes it will soon be found out. The quality of students or participants will fall, corporate sponsorship will decrease and its reputation will be short-lived with all attendant consequences.

Therefore, more challenging to UMI is the problem of renewal of its curricula to reflect the needs of the labour market to help solve problems which are beyond the boundaries of traditional academic disciplines, such as marketing, finance, human resources etc; and of individual managers. As noted by Elliot and Glaser (1998), these problems are much more broad – ranging, longer term, cross-disciplinary, global and complex than problems traditionally studied in MBA courses. As the curricula is continuously renewed, there will always be a need to impart a core knowledge together with a strong discipline base among students to provide “tools” with which to attack such problems. It is also a good strategy for UMI to start a gradual globalization of its curricula. Such a globalised curricula would involve the attainment of broader knowledge and awareness of the rest of the world. The development and use of the case studies on business around the world and familiarity with a wide range of countries and cultures would make UMI graduates globally competitive.

### **3. Internal Organisation of UMI for Delivery**

As we noted in the previous chapter UMI’s training or professional departments are structured on a generic functional basis. Such departments do not fully satisfy the specific needs of the private and public sectors. UMI therefore needs to adopt a sector-functional departmental structure to enable each department to concentrate on the problems and opportunities of its particular business

environment. It makes more sense to create UMI professional departments according to the different markets and then to ensure that the needs of each market segment are met by tailoring programmes within the department to the particular business needs. Such specialised departments will send a favourable message to the existing and potential clients that their specific needs will be handled more competently by a specialised and professional department unlike now when existing departments are offering generic programmes irrespective of the sector. In addition, the specialised departments will have autonomous business units based on product or market groupings with the ability to develop strategies in response to the needs of the markets they serve. Once such departments are established, it will be easier to build key customers into the advisory mechanisms in areas like the curriculum reviews.

We accordingly recommend that the existing training departments be restructured and replaced by the following new departments:

- i) Department of Public and Development Management - This department will cater for the public sector needs and be very instrumental in serving the public sector niche which we recommend to be UMI's major source of revenue. Such a department would focus on training, research and consultancy in areas of governance, public policy, public administration and management, strategic leadership etc.
- ii) Department of Business and Management – UMI gets about 40 per cent of its income from the private sector and NGOs which it will not be able to give up even when the public sector niche is established. This department will therefore satisfy the private sector needs which also includes the small and medium enterprises and non-governmental organisations (NGOs). This department will similarly focus on training, research and consultancy in the areas of macro-economic management, strategic resource management, business and enterprise development, public-private partnerships etc.
- iii) Department of Information and Communication Technology (ICT) – In the new technological era, lots of people are striving to acquire ICT skills. This trend provides a potential market for this department.
- iv) Department of Distance Education/e-Learning - With the existence of the Global Distance Learning Centre (GDLC) this department will serve as a

significant competitive differentiator for UMI particularly when the e-learning option is pursued. We must emphasise that distance education and open and flexible learning options are changing and expanding and could well threaten the future of old established education institutions. UMI therefore needs to make an early entry step to take advantage of the growing tempo in lifelong learning, retraining and distance learning among the working population. The Institute must therefore examine the emerging information technologies for its potential to maintain and enhance its position as a tertiary education institution of national and international standing offering top quality learning environment to current and prospective students and the opportunity for the achievement of top quality learning outcomes. The potential opportunities in Uganda and the Great Lakes region earlier identified for UMI are not likely to be fully exploited if the Institute continues with full-scale conventional delivery methods. Failure to exploit such opportunities will book a landing slot for UMI in the kingdom of the notorious vicious circle of poverty with all the attendant consequences. UMI therefore needs to consider and implement distance learning as an alternative method of delivery because of its potential benefits. We should not forget that external and global forces are numerous, persuasive and in some cases enormous as students purchase their education from an increasing range of providers. The more proactive we are, the more control we will retain over future directions. UMI therefore needs to make adequate preparations for distance/e-learning by establishing a specialised department, training its staff on this mode of delivery and acquiring the appropriate equipment and infrastructure. There is no doubt that information technology will play an important role as both a driver of social and industry change but, more immediately, as a delivery mechanism in providing opportunities for management schools realistically to overcome the "tyranny of distance". With the existence of the Global Distance Learning Centre, UMI is bound to enjoy an upper hand in distance education on the continent as we have noted under the second chapters of Learning Goals No.1 and 5 of this thesis.

#### 4. **Staff development**

Indeed human resources constitute the principal asset of any professional institution. With competent and well motivated staff, UMI will be in an excellent position to respond to the changing needs of its customer base. The nature of the three years fixed term contracts (which are renewable) under which staff are employed ensure that, in the medium term, staff with appropriate competences can be recruited to satisfy new needs. In the shorter term, training and development of existing staff must ensure that all staff can upgrade their knowledge, skills and qualifications as dictated by the market for new training products and consultancy and to enable them to tailor products individually to meet customer needs more effectively. The responsibility for staff development should be shared between UMI as an organization and individual staff members. UMI should generally initiate analysis of learning needs and should also provide resources. The individual, on the other hand, must take responsibility for learning, application of that learning and for personal career development. In other words, there should be continuing professional development (CPD) for UMI staff. CPD is a process of keeping abreast of current developments and updating skills and knowledge, particularly in person's own area of expertise.

To help to ensure that UMI can continue to achieve its mission, it must encourage staff to practice CPD and keep portfolios of evidence of their development. The methods of development can be employed including attendance on courses and workshops, attending conferences, writing research papers, short term secondments, sabbaticals, distance/open learning etc. The Institute must promote active in-service or on-the-job training schemes for its staff. This should be the strategy for dealing with the bulk of staff development (especially the academic staff) and it should include:

- (a) staff seminars and staff programme committees to impart specific skills (e.g. case study methods and curriculum development skills) or to review research findings or discuss consulting assignments;
- (b) apprenticeships – approaches such as understudying of expatriate specialists, co-direction of courses, joint consultancy teams and joint research efforts.

- (c) sabbatical periods – usually granted after a period of say 5 – 7 years' service. Another approach would be to set aside part of the year for staff to use for self-development purposes;
- (d) field attachments and secondments outside the Institute – could be at academic, non-academic/professional and client agencies, as appropriate.
- (e) attachment to consulting firms – which can bring useful business perception to the Institute in addition to imparting consulting skills.
- (f) staff exchange – on short term or medium to long-term basis, locally or abroad.

As discussed earlier, the need for research capability and research training capacity among professional staff must be among the developmental priorities of the Institute. Just as with other reputable management education institutions, UMI needs to enhance her staple of qualified professional staff with PhDs. This will require the funding of doctoral programmes to become a matter of priority. In addition, the Institute needs to make it a matter of official policy for staff with Masters degrees to upgrade their qualifications to PhD within a reasonable period or face the possibility of their contracts not being renewed. UMI's vision of becoming a world class management development institute requires that among other things, it should have a good percentage of its faculty with advanced qualifications and who publish in peer – reviewed journals on a regular basis. As we earlier noted, it is however encouraging that the Institute is already sponsoring some of its faculty to obtain the required doctoral qualifications.

Furthermore, UMI needs to make it as one of its policies for all academic staff to seek membership of professional bodies (e.g. Certified Public Accountants of Uganda, Chartered Institute of Marketing, Chartered Institute for Personnel Development, Chartered Institute of Purchasing and Supply etc). Such professional bodies exist to help members keep abreast of new developments in their professions. Annual evaluations should take into account one's involvement in an international professional body.

Developing a viable staff development programme would require UMI to adopt four strategies to staff training and development, namely:

- Instituting a training and development policy;
- Regularly assessing the Institute's training and development needs;

- Providing training and development resources and opportunities
- Integrating the staff development programmes with other human resource functions.

On the other hand, however competent and committed the individuals are, they need to be able to work within a supportive environment and they need to be adequately recompensed for their efforts. This highlights the important role of acceptable levels of remuneration in staff motivation and performance. In order to attract, develop and retain the right caliber of personnel, it is imperative that UMI devises policies which allow management considerable independence in determining competitive compensation for their staff. UMI therefore, must devise an HR strategy which “fits” in its overall business strategy. Furthermore, the imbalance in the proportion between the professional and support staff should be corrected. The current strength of 27 full time faculty as compared to the 115 administrative support staff as we observed under the First Learning Goal reflects a big mismatch between the core business staff and the support cadre. The current size of the professional staff is too small for UMI’s strategic intentions and therefore ways need to be found to expand this professional staff base. In order to reduce the current teaching workloads of the professional staff and allow them more time for research and professional development, their number should be increased to 40 over the next 3 years to fully cater for the proposed new departmental structures suggested under chapter 3 of Learning Goal No.5 and the support staff reduced through outsourcing of the services they currently perform. The outsourcing process can even commence immediately.

## 5. **Research and Consultancy**

The success of Uganda Management Institute to compete successfully for students and financial resources and to prosper in the face of shifting government priorities will depend more than ever on the development and execution of well considered training, research and consultancy strategies, faculty, business acumen and leadership. The research element will however constitute a propelling engine to UMI’s success. Therefore, the Institute must as a priority measure recognise the importance of research for assisting in:



- Achieving the national goals of enhancing the quality of life and enhancing wealth creating potential particularly under the Uganda Government's Poverty Eradication Action Plan (PEAP).
- Promoting an academic and intellectual ethos within the Institute.
- Ensuring relevance and vigour in the courses, and enthusiasm among the staff in the institution.
- Promoting and supporting excellence in postgraduate teaching, and providing a platform for future development of courses at this level.
- Enhancing the level of external income to the Institute.
- Promoting relations with local, national and international partners, including industry, business, commerce, government, professional bodies, educational establishments, charities and the community in general.

UMI must make a significant contribution to management research in a wide range of areas, which are relevant to practitioners and policy makers and are of concern for the society at large. Focus areas should include governance, productivity, management and leadership excellence, public and private sector management and human resource management. These are the major areas which the writer has identified in his different Learning Goals which require attention through research by the relevant institutions in Uganda. UMI should therefore not miss this opportunity which would among other benefits enhance not only its local and regional but also its international profile with all attendant benefits that are likely to follow thereafter. As the study has revealed, among the main core functions of training, research and consultancy, UMI is concentrating on training at the cost of the other two important functions. Accordingly, efforts must be initiated to carry out research in relevant areas with a view to enhancing its collaboration and cooperation with the public and private sectors. By so doing, these sectors will see UMI as a reliable and credible ally in helping them to prevent and solve policy – related issues and problems.

The Institute will do well to further enhance its image by placing research at the centre of its agenda. A new culture needs to be developed that makes it possible for all academic staff to look at themselves as potential researchers. The Research and Consultancy Unit must be mandated to equip faculty with requisite skills and knowledge to conduct meaningful and effective research. This is because a robust and well-designed research agenda has the potential to attract research grants.

Such research grants for the Institute can solve institutional bottlenecks especially if the grants are targeted on real problems where the research has the capacity of yielding long-term results.

Management consulting refers to both the practice of helping organizations to improve performance through analysis of existing business problems and development of future plans. It may involve the identification and cross-fertilisation of best practices, analytical techniques, change management, technology implementations, strategy development, or operational improvement. Management consulting is becoming more prevalent in non-business related fields as well. As the need for professional and specialized advice grows, other industries such as government, quasi-government and not-for-profit agencies are turning to the same managerial principles that have helped the private sector for years.

The reasons why UMI should undertake consultancy are many and include:

- Provision of an efficient, reliable and competitive service to any portion of the community, local, regional, national or international that could benefit from the extensive educational and research expertise available at the Institute;
- Developing and enhancing contacts with organisations, leading to collaborative research and educational ventures;
- Maintaining up-to-date expertise among staff, and the social, industrial and commercial relevance of their research and teaching;
- Enabling staff whose expertise has a commercial value to benefit financially as well as professionally from their external work;
- Enhancing the Institute's courses and research through the provision of case studies and real world problems drawn from successful consultancies;
- Providing an income stream to the Institute and its staff; and
- Enhancing the profile of the Institute externally.

## **6. The Marketing Effort**

At its simplest, marketing is a business process that seeks to match an organisation's resources – human, financial, and physical – with wants and needs of its customers. With regard to UMI, it refers to the selling of programmes and services through active marketing. This takes place within the context of its overall competitive strategy. It follows that if UMI offers customers a closer match than that of its competitors, then it will have the advantage. This matching

activity involves the manipulation and management of the marketing mix, and the monitoring and evaluation of the existing marketing environment. After all marketing is the brain of business growth and it resides firmly at the core of competitive business activity.

The crucial role of marketing is to ensure that the marketing mix is successfully managed, within the context of the marketing environment. A successful match is achieved when the customer has been satisfied, and the organisation's resources have been effectively deployed. The marketing mix is usually classified as aspects of four elements: product, price, promotion and place. The importance of the mix is that successful matching depends on a number of criteria:

- Customers must be aware of the product on offer
- Customers must find the product readily available
- Customers must judge the product attractive in terms of both price and performance.

If one of these criteria is missing, or wrong from the customer's perspective, it is unlikely that a long-term relationship will result.

Since marketing knowledge contributes to many managerial or policy decisions, UMI managers therefore need reliable information about market environments and competitors to be able to set the overall strategic direction of the institution. UMI must ensure that it has appropriate information on: market-share analysis, market potential, market characteristics, business trends, economic forecasting, competitor products, pricing and others.

Since the introduction of the Structural Adjustment Programmes (SAPs) as discussed under the third Learning Goal, the Uganda government has largely encouraged the policy of liberalisation in almost all sectors including management education. Pursuant to this, many universities, business schools and tertiary institutions have been set up. This development has intensified competition with most institutions offering more or less similar courses as discussed under the previous chapter. This competition needs to be counteracted by a lot of marketing effort. Unfortunately, until very recently (October 2006), UMI has been without a professional marketing person to spearhead its marketing initiatives.

Consequently, many activities that are worth knowing by the public have been taking place at the Institute unnoticed.

As outlined in the first Learning Goal, UMI has a number of short courses, some of which have failed to attract the desired number of participants. All courses therefore need to be continually evaluated to determine which are persistently attracting few participants so that they can be phased out for not being cost-effective or attractively repackaged and effectively marketed. Similarly, in order to respond to the increasing competition and improve its image, UMI must undertake a sustained promotion campaign. This promotion will raise awareness among the general public on the various programmes and facilities the Institute has and how they benefit them.

To succeed in the market place, UMI must not only identify and respond to customer needs, but also ensure that its response is seen as superior to that of its competitors. Furthermore, to be effective in marketing, UMI managers must understand and support the role of marketing in the organisation and the importance of marketing information. As we have earlier noted, this information enhances marketing strategy and improves planning and implementation. UMI must also have a marketing plan. This is because marketing planning has an integral role in identifying and clarifying the priorities for the business. As such, it is an effective aid to management and without a clear statement of priorities, UMI might be vulnerable to internal confusion and lost opportunities which are existing both in the national and regional markets. As we have observed in chapters 4 and 2 of the Third and Fifth Learning Goals respectively, UMI can compete very favourably in the public sector segment. We have observed from the discussions in Learning Goals 1, 3, 4 and 5 that enhancing the performance of the Uganda Public Sector holds the key to the country's developmental objectives since this sector will create the necessary conditions for the optimal performance of other sectors.

## **7. Niche Market Decisions**

As earlier discussed, UMI needs to establish a niche or market segment in which it has a better comparative advantage than its competitors. The historical relationship between UMI and the public sector as explained in the first Learning

Goal, and the fact that UMI's goodwill with the public sector in nearly 40 years is unparalleled with other institutions of higher learning in the country, makes the public sector an almost obvious niche for UMI. The Institute should place public sector capacity enhancement at the core of its strategic plan and set its sights on becoming a centre of excellence in public sector management because of its comparative advantage. In order to make a difference, UMI should not offer programmes or services of a general nature, or those which just transfer knowledge. Instead, UMI will best add value by providing concrete solutions to management, organisational and leadership bottlenecks that face government as it struggles to transform the country in partnership with other stakeholders. This will require UMI to offer programmes and services which reflect a deep understanding of the key challenges that face government as it interacts with business, labour and civil society in the implementation of the Poverty Eradication Action Plan (PEAP) and the decentralisation policy which has led to the creation of more than 70 districts in the country all of which need to enhance the skills and knowledge of their staff so as to deliver the required services to the people. The proposed distance learning programmes once started will facilitate the delivery of the required training programmes to government employees who are stationed miles away from the central region where the majority of well established management education institutions are located.

By making the public sector its major market segment, UMI's primary focus should be on how to make the government work more efficiently and effectively. As the findings in Learning Goal No.3 revealed, government is facing a big challenge in using available resources efficiently to achieve national development goals, and unless it succeeds in this, the country can not move very far. To assist the government in this challenge and at the same time enjoy the benefits of working with government, UMI needs to intervene in several critical areas which were identified in Learning Goals 1, 3 and 4 namely: (i) policy development and analysis (ii) procurement and disposal of assets (iii) public sector monitoring and evaluation (iv) impact assessment (v) financial management and accounting (vi) human resource management and development and (vii) leadership development.

However, while undertaking the strategic position of making the public sector as its niche, UMI needs to consider the following issues:

- Establishing an intimate understanding of the capacity development needs in government ideally through regular market surveys.
- Greater involvement of public sector managers in needs identification, programme development and delivery.
- Consider establishing and developing a sector specific department responsible for public management and development and facilitate faculty to develop expertise as solution providers to the public sector. It is imperative that UMI staff acquire the prerequisite competences that will give confidence to government that the Institute is capable of providing solutions to the problems and challenges facing the public sector.
- Enhance UMI's image by placing research at the centre of its agenda.
- Provide strong consultancy services to government and the public sector generally. This will likewise require capacity building in consultancy skills.

As a means of consolidating this market segment, UMI needs to develop proper understanding and better working relationship with the government. This can be achieved by preparing a Memorandum of Understanding (MoU) which would spell out areas of operations and collaboration between the two key players. This Memorandum could include factors that enhance an environment that promotes a fair chance of UMI to compete, to be involved in the public service reforms process as discussed under the third Learning Goal, and to accept and recognise UMI's advisory role. If such a relationship between government and UMI is achieved, then there is likely to be a second thought by government as to whether the proposed Civil Service College is necessary. This makes the need for a clear strategy and an underlying business plan for UMI very necessary. If government is to change its mind about setting up a new college it will have to be persuaded that UMI can do the job. Likewise any financial support from government, international agencies, corporate source (e.g. to support IT development) and even from well-wishers and alumni will require a convincing strategic outlook and a sound accompanying business plan.

We need however to re-emphasise that selecting the public sector as its niche, should not prevent UMI from dealing with its current diversity of clients. As a means of broadening its revenue base, UMI can still provide services to other

sectors in the national economy provided it adequately meets their needs through the proposed Department of Business and Management.

## **8. *Partnership and Collaboration***

The performance and success of the Uganda Management Institute will be enhanced through a strategy of fostering strong links with the business community (private sector) and in the establishment of strategic alliances or partnerships with other institutions of higher learning both national and international and with customers. By forming partnerships and alliances UMI will benefit from economies of scale and, at the same time, as expressed by Cornuel (2007) multiply the resources and opportunities offered to faculty and students. Such partnerships and other interconnections among institutions and across borders generate greater opportunities for student and faculty mobility, provide incentives for the internationalization of curricula and encourage the participation of different stakeholders in the management education system. Partnerships for joint research, training, development, or ongoing operations have the potential to draw together academic, administrative and industrial interests in ways that reinforce higher education's objectives. As earlier discussed under chapter 3 of this Fifth Learning Goal, the Institute has not established formal partnerships with institutions of higher learning. Whatever form of relationship or alliance that have existed have been on an ad hoc basis and as a result no long-term benefits have been achieved. Therefore, in order for UMI to add value to its programmes and image, there is need for it to establish partnerships with universities or management development institutes (MDIs) with whom several collaborative ventures can be undertaken. Apart from the benefits that UMI would enjoy from such partnerships, the Institute would gradually develop and provide a formidable force of local researchers and trainers who would in turn link up with their external collaborators to undertake research and consultancy projects in Uganda.

It is also important that the Institute develops and implements a plan for building institutional linkages for itself with other development partners including multi-lateral, bilateral and non-governmental agencies as well as the private sector. The linkages are intended to generate resources and technical assistance required to develop the physical and professional capacity of the Institute. As earlier observed, UMI is currently confronting increasing competitive pressures caused largely by

significantly reduced external funding. Consequently, the Institute can no longer remain isolated in its ivory tower; unwilling to be involved with industry and the general business community in generating practical applications for the marketplace. As a result of these new pressures UMI must modify its strategic focus to become more involved in the development of both private and public sectors through meaningful collaborations. We have earlier suggested that the Institute should formalise its strategic alliance with the Federation of Uganda Employers (FUE), the Uganda Manufacturing Association (UMA) and the Private Sector Foundation. We should also acknowledge that inadequate performance on jobs by UMI graduates and the weak research production all can bring the relevance of UMI into question. Relevance may be achieved by making courses more flexible and a continuous curricula review. Therefore to underscore the relevance of its programmes as a critical element of quality, UMI may consider visiting employers and former students every three years or so to assess performance of its graduates relative to the needs of society. Such formalized interventions with the corporate world may result in securing support from some major corporate institutions to identified initiatives such as the Award Schemes, Academic Chairs and selected public relations interventions. Secondment of the training staff to work for limited periods in industry (often as part of industry funding of faculty positions) is one important way which UMI should pursue to enrich the relationship for mutual benefit. Similarly, the Institute will benefit through partnerships with the management consulting sector. Exchange programmes with leading consulting firms will lead to improved consultancy skills of UMI staff and in turn such skills will facilitate UMI's vigorous entry into the consulting sector. There have been occasions in Uganda when developing partners such as the World Bank, IMF, DFID, DANIDA etc have funded public sector consultancy assignments on behalf of the Uganda government. Such consultancies have mainly been related to the public service reforms which we discussed under the Third Learning Goal. More often than not, such assignments have been awarded to international consultancy firms which may at times lack adequate local knowledge about Uganda. If UMI collaborated with such firms, it would offer the local expertise input about the Uganda situation. This would further enable UMI to acquire better consultancy skills from the more experienced international consultancy staff and at the same time benefit from the financial gains resulting from such projects.



## **9. Leadership**

The most valuable resources of an institution like Uganda Management Institute are its people who display the levels of qualifications, professionalism and experience expected of their clients. Therefore, more than ever, the success of UMI in creating and sustaining excellence will depend on the vision, talents, and energy of its leadership. In the face of increased environmental complexity, uncertainty, and constraints, this leadership will depend on a well-planned organisational and technical infrastructure and on a trained, diverse and engaged workforce. To meet the challenge posed by the external influences, UMI must cultivate a continuous stream of leadership cascaded at all levels and develop an administrative infrastructure which is optimised for service, speed, quality and productivity. This is what Mintzberg (2006) refers to as “distributed leadership”. The myth of the omniscient, flawless leader at the top, able to control people and events and save the day no longer works in a world that has become too complex, where knowledge is too dispersed, and events move too quickly. Leadership needs to be distributed across many players, levels and disciplines within and across organisations, wherever information, expertise, vision, new ideas and ways of working together are situated. The environment suggests the need for new administrative vision and, in particular, for changes to organisational cultural norms, structures, behaviours, and systems.

For the Institute’s mission statement and strategic plan to be effectively implemented will require an integrated capacity to monitor the essential aspects of its endeavour, and to make realistic future projections of its financial, academic and physical needs. This might require UMI to set up a Planning and Monitoring Unit. Information on students, staff, finances and other management responsibilities must be readily available for monitoring academic performance, standards and quality, unit costs and institutional effectiveness. This Unit will be expected to contribute to budget development by suggesting priorities based on its analysis of output achievements and shortcomings in teaching and research. It can also assist departments with their internal academic evaluations, and provide benchmark data against which to measure progress. This strategic planning capacity should ideally be linked to the Chief Executive’s office (Director General), or be directly supervised by UMI’s Director of Finance and Administration. For it to be used as intended, the Director General (DG) will have to focus the bulk of his efforts on general institutional planning and management issues, and to see this capacity as a primary resource.

The Institute leadership should consider all aspects related to quality assurance. Systems which assure and enhance quality should be designed and implemented. Although UMI has developed some Quality Assurance Guidelines, there are indications that these guidelines are not followed to the letter and spirit. For example, despite the fact that it is one of the quality assurance measures to mark final examination scripts within one month after the examination is written by students, this has not strictly been the case. There have been complaints from students who have not received their final results three months from the time they finished their last examination papers. Although the teaching staff have always presented heavy workloads as one of the causes for the delays, UMI's image is obviously dented with all attendant consequences. It is therefore extremely important that both the leadership and UMI staff work together and overcome such constraints which may be working contrary to the Institute's vision and mission.

UMI, like any organization will need a vibrant leadership which is always strategic. The leadership which ranges from heads of department to top management and the Institute Council must of necessity not behave or act as a maintenance engineer who is mainly interested in keeping today's business humming along but manage as an architect who constantly, keeps on imagining what tomorrow's business is likely to be. The competition that the Institute is now facing from the mushrooming universities and tertiary institutions should always keep everyone alert.

The task of strategic management of the Institute should therefore aim at producing a good fit between its internal capacity and its external situation. Brinkerhoff and Goldsmith (1992) have argued that sustainable institutions are ones whose strategies enable them to make the best of their capacities and to capitalize on their surroundings. Unsustainable institutions lack such strategies and there is a mismatch between the organisation and the environment. UMI's strategic planning process should therefore address questions concerning the long term development of both teaching programmes, consultancy and research as such: In what areas do we currently possess strengths, actual and potential? What areas would we wish to enter? How will research and consultancy efforts complement and strengthen our teaching? What information do we need to get

from our external environment – the clients and other stakeholders for informing and strategic analysis and choices? How will the feedback and advice from our clients shape our programme planning, design and evaluation of the real impact of services. This means that there should always be a strategic diagnosis or a strategic audit.

### **Summary of UMI Opportunities Emerging from the Study**

The findings in Learning Goals 1, 3 and 4 reveal that with a positive strategic focus, Uganda Management Institute should be able to exploit a number of positive developments in its operating environment. Such opportunities include appropriate participation and support in the following, among others:

- The implementation of the structural adjustment programmes (SAPs) which include public sector and public service reforms. The Uganda public service reform components have several potential areas of action for UMI. The Institute can take advantage of the reforms by analysing its current strategy option, strength and limitations and actively participate in the reform process.
- The decentralisation policy which is part of the structural adjustment programmes has led to the creation of more autonomous local and urban authorities. All these authorities need to acquire modern management skills so as to render services to the intended recipients.
- The strategies that the Uganda government is taking under the Poverty Eradication Action Plan (PEAP) to eradicate poverty create an environment that provides a basis for UMI's agenda. UMI can conduct research and consultancies that contribute solutions towards poverty eradication in the country.
- There is a strong and growing demand for quality management education, skills development services locally, in the region and internationally.
- The public service in Uganda has changed its structures and functions. Besides being the custodian of good government, law and order, it has increasingly become the vehicle for social and economic development and therefore needs to be efficient and effective. As a result, public officers have to be transformed from being administrators to becoming managers in order to make them more effective agents of change. UMI can accordingly contribute in ensuring that the country has highly competent bureaucracies which are important in shaping and implementing developing policies by designing programmes and undertaking

research projects that address public sector priorities. Such priority include among others: leadership development, corporate and public sector governance, policy development and analysis, strategic and integrated national planning, economic management, human resource planning and development etc.

- The government policy of making the private sector the “engine of growth” puts tremendous pressure on the private sector to improve the efficiency of production through technological upgrading and management development; this is because effective managerial practices are crucial to the attainment of privatisation goals.
- The challenges imposed by the prevailing unemployment situation can be met only by a recovery of the Uganda’s economy, accompanied by thorough going reforms which reforms must be consolidated by introducing management best practices. The proper management of enterprises both formal and informal, public and private, small and large scale contributes to their better performance and then eventually to national development.
- Organisations in Uganda (both public and private) regard training and staff development as a critical strategic function which promotes their competitive advantages and improved productivity.
- The importance of human resources in Uganda enterprises and the public sector and the need to manage them properly have been revealed by the study. This obviously requires human resource (HR) executives and other line managers to be better equipped with HR skills. UMI can accordingly contribute towards the achievement of this requirement through its customised programmes.
- The gradual improvement in ICT infrastructure and literacy across the country, and within the region, presents opportunities for distance learning and enhanced programme outreach.
- The limitations and constraints that befall some public and private universities and tertiary institutions in Uganda, including problems of inadequate physical and faculty resources, quality assurance, and governance problems present UMI with a great opportunity to differentiate itself and its programmes ahead of the pack.
- There are universities and management development institutes in the region and further abroad that seek to enhance their institutional and programme relationships through strategic networking and collaboration. UMI can develop professional links in terms of exchange and joint programmes, research and information sharing.

- The ever-increasing number of alumni working in all sectors of development is a great resource the Institute must tap to further its mission. UMI has many outstanding alumni and loyal friends that can become increasingly active partners in its efforts to achieve excellence.
- Increasing globalisation brings the regional and international demand markets nearer to UMI's doorstep.

The environment as outlined above presents tremendous opportunities. However, to realise these opportunities there are many challenges to be met. It is an important moment to be taking stock of the changing world and UMI should be reviewing how it measures up and then looking at what comes next. While a number of threats could be operating in the environment, the major one as earlier discussed is the emerging stiff competition both locally and globally. The globalised economy has presented challenges not only to the traditional business community but to educational institutions such as UMI as well. The technological developments within the "global village" have made it possible for universities and tertiary institutions to compete for students globally. The situation is not any better within Uganda itself. A growing number of public and private universities, tertiary institutions and consultancy firms have taken advantage of a liberalised education and training environment to redefine competition. Such a competitive environment automatically makes UMI one of the targets of the other competing institutions which Uganda Management Institute must strive to outcompete and obtain a substantial market share. It is clear that the future will place a premium on excellence which will be attained by only the leading management education institutions. While it is not easy to spell out in great detail how such excellence will be demonstrated, there seem to be some priority action areas which would warrant very early attention: specifically,

- The most pressing need would appear to be the market survey, on which much of the rest of the strategic development must hang.
- The resulting market analysis would provide the basis for the curriculum review and the establishment of the advisory curriculum committee.
- In parallel with the later, a start can be made with the development of a networking process to develop close working relationships with industry within its geographical market in the governance of the institution and the development and delivery of management education programmes. Likewise the Institute must develop effective collaborative networks with other local and international

management education institutions to enhance capacity and realise its vision, mission and objectives.

- If the niche market focused on the public sector is to be pursued, a similar programme of communication and interaction with the appropriate authorities needs to be undertaken, backed by at least an outline business plan for the Institute, designed to establish UMI's direction and intent with respect to the public sector.
- Ongoing staff development has been identified above as a priority, but in the shorter term the two most pressing areas are arguably the development of a research base and capability, and development of expertise in distance-and e-learning modes and capabilities.
- As these basic building blocks are put in place, the opportunity will arise for marketing the programme development, course innovations, delivery strategy and new learning modes using distance and e-learning techniques.
- Underlying all this, a new emphasis will be needed on business planning throughout the organisation and on the spreading of leadership responsibilities.
- Finally, as these steps take shape, there should be scope to begin the development or re-development of active partnerships both with client organisations and with fellow providers.

The Institute is now facing the challenge of having to expand very quickly to assist Uganda to prepare itself for global competition while ensuring that quality norms are maintained and that due emphasis is given to research and consultancy. It has at the same time, to overcome the constraints of lack of infrastructure, inadequate funding and scarcity of qualified and experienced staff.

It is important that in order for UMI to have proper systems that will contribute to its success, it must be able to practice the best practices it is imparting to its students. It must respond swiftly to customers' needs and recognize the need to attract and retain talented personnel and continuously come forward with fresh ideas. The management must be able to constantly say "this is where we are going, why we are going there and how we are going to get there". It is the author's hope that if UMI endeavours to consciously and consistently do all these things, its standards, credibility and profile will be enhanced. Subsequently, the Institute will in the next 5 - 10 years stabilise and

create a platform for future growth and eventually “take off” as a world class management development institute.

In order to achieve this success, it is suggested that UMI will have the following characteristics:

- It will be driven by a vision focused on high management values and a customer-focused quality service ethos.
- It will develop close working relationships with government, industry and contemporary management education institutions to promote the development and delivery of its education programmes. These relationships should be active, involve two way commitment and participation and have proven success in informing curriculum development and ensuring market requirements are being addressed.
- It will be offering a diverse range of programmes which meet both national and global needs and which reflect the important contemporary management theories and debates. The most important type of courses are likely to be public sector management, leadership development, building civil society organisations' capacity and enhancing national productivity and competitiveness.
- It will have an active and successful programme of developing its people (faculty and support staff) who will display the levels of qualifications, motivation, professionalism and experience expected by its clients.
- It will have built up and be able to demonstrate experience in applying technology to develop and serve its chosen target markets of students and business.
- It will have developed a research culture among its academic staff and be able to point to growth of research projects, funding and publications relevant to the important academic and industry debates in key relevant areas.
- It will be engaged in continuing critical reviews of its faculty, programmes and modes of delivery.
- It will have adequately positioned itself in the national and regional market as an outstanding management development institute (MDI).
- It will be able to assess its success in the next 5 – 10 years through the avenues like: being included among the MDI league of tables; official and media commendations; programmes evaluation reports by clients, the performance of its graduates at workplaces, market positioning and niche development, staff development for e-learning, partnership development etc.

Certainly, the future will place a premium on excellence and UMI's main goal should be that of delivering (and continually enhancing) excellence in teaching, research and consultancy. With the proliferation of institutions offering management education it is fundamental that UMI employs the right strategies and resources that will allow it to achieve its goals, while remaining competitive in the evolving global market for management education.

### **A Postscript/Reflections**

As a postscript to this thesis the author wishes to reflect back on his learning experience through the doctorate programme. There is no doubt, the process has been a great challenge but at the same time extremely rewarding not only to the author or researcher but to the Uganda Management Institute as well where he is an employee. The author through the process of this thesis has been able to confirm through practical research and learning that business success does not just happen, it must be planned for. Consequently, the author can now with a reasonable degree of confidence think strategy, plan strategy, implement strategy and live strategy. This knowledge and skills are not only beneficial to him as an individual but also to his employer – UMI, because the ability to think and plan strategically is perhaps the most important single skill of the effective manager. Through the process of this research, he has been convinced with evidence that the overall purpose of strategy is to guide and direct the inception, growth and change of organisations as they conduct their activities. His specific research and learning experience has been geared to management education institutions with particular reference to Uganda Management Institute. He is now more convinced than before that a clearly articulated, accurate and understood strategy is at the hub of all successful activities including those for management education institutions. This thesis will therefore, stimulate a well grounded debate on UMI's strategic vision of becoming a world class management development institute (MDI). This debate has in fact started.

The University of Glasgow DBA programme is designed to help satisfy the growing demand for a more flexible research based doctoral qualification using a work-based paradigm. Candidates for the DBA undertake a rigorous programme of study and research enabling them to become well-trained researchers and effective contributors to their organisation in their chosen field of study. Undertaking this programme of study through a work-based learning has enabled the author to identify his own personal



learning needs and improve his research knowledge and skills. He is convinced that he has been able to achieve both a high level of knowledge of the research literature and a significant degree of competence in research. Furthermore, since this programme is designed to tie in firmly with the strategic aims of the organisation, the work-based learning has offered UMI a unique opportunity to achieve business growth through investment in people. In addition the DBA research and work-based programme has allowed the author to view organisational and operational problems (particularly those relating to UMI) from a fresh perspective. The programme has also provided him with many qualitative and quantitative techniques that allow him to view existing issues in a more objective manner. He feels more inspired and better equipped to pursue UMI's vision of becoming a world class management development institute (MDI).

The author has examined the strategic options for UMI, noting that within the next 5 – 10 years, major changes in demand and supply of management education are likely. UMI therefore needs to develop careful strategies that consider the drivers of change such as globalization and technologies. The Institute is likely to face problems in confronting the fierce competition (both national and global) unless drastic changes to its strategies and structures (as discussed under Learning Goals 1 and 5) are made to accommodate the needs of the changing world. Given the relationship between management education and the business world, market forces such as globalization, technological change, and new workplace requirements may affect business education more than any other branch of academia. Due to this development, the author is now aware that forward-looking business schools and by extension management development institutions (such as UMI) around the world are beginning to implement changes to their curricula, their marketing strategies, their alliances and partnerships to face the challenges of the competitive management education market of the future. As pointed out by Karnel (2003) business schools have been spending a lot of time of late reflecting on how they do business, a healthy self-examination that has occupied much space in UMI since 2003 and which hopefully will continue unabated. Similarly, Pfeffer (2004) has advised that because there have been many changes in the external environment of business school or other management education providers, it is necessary that they be more attentive to their external constituencies. The author is also now aware as a result of this study that as globalization advances, education is increasingly crossing borders – national, regional, sectoral and institutional. At the same time educational systems are having to respond to other profound changes, such as knowledge explosion, the

changing interaction between the public and private spheres and increasingly the rapid development of information and communication technologies (ICTs). It is therefore imperative that all these developments are included in UMI's strategic focus. For example because of new technology and the global emphasis on education (as discussed under the First Learning Goal), there will be an increasing emphasis placed on distance education - with the delivery being global. UMI must therefore adequately position itself for this development for example by acquiring both national and international partnerships, and it must be clear about what it has to offer in such situations since it can not expect to benefit without some form of reciprocal offer. It must also improve its quality standards in a number of aspects e.g. delivery modes, curriculum etc. This thesis has numerous references to quality and clearly, quality is multi-dimensional. For the range of courses offered by UMI there are questions of quality in relation to course content, teaching, graduate outcomes, academic staff, and quality upgrading and management across these dimensions will be an important factor in UMI's management and development plans.

The completion of this programme confirms very strongly that e-learning or distance education is an effective learning mode. The invaluable assistance and guidance this writer obtained from his Glasgow-based supervisor was largely through e-mails. In addition, coming from a continent where access to physical current publications is limited, the writer benefited immensely from e-journals which provided both the old and latest information about his area of study. This therefore emphasizes that e-learning which has been modernised by the information communication technology (ICT) can adequately link up the student and the education provider from any part of the world. Therefore, the writer's recommendation that UMI should as a matter of priority begin offering training programmes through e-learning or distance education is based on practical evidence derived from its own house.

Through this study the author has reaffirmed himself that organizations must and will continue to develop their competences. In other words they must develop what Hitt (1998) refers to as "dynamic core competences". This means that organizations must be continuously learning and developing their competences and they must be prepared to change core competences as required for success in this competitive landscape. UMI itself has to understand that management is a dynamic process and that this understanding applies equally to its own organization, as it does to its client

organizations. For example it must take the opportunities existing in the Uganda public service brought about by the reforms that have been in existence since the mid – 1990s under the structural adjustment programmes (SAPs). As revealed under the Third Learning Goal, public servants need to be equipped with new competences to manage government business efficiently and effectively. Public servants need to be competent in policy formulation, monitoring and evaluation, resources management, financial management and budgeting etc. The private, NGOs and the emerging informal sectors also need competences like entrepreneurship, productivity, negotiation, management training etc. The Fourth Learning Goal has also revealed the sort of competences needed by the HR managers and line managers to make them functional experts, employee advocates and strategic partners among others. This author is also now aware that organizations are increasingly recognizing executive education as a crucial tool for developing their managers. As Buchel and Antunes (2007) have pointed out, the underlying assumption is that it can improve managerial decision making, by creating and transmitting knowledge, which in turn has a positive impact on organizational performance. This need not always take the form of discrete courses existing in their separate silos but may be designed as a process in which the integration of different competences and areas of knowledge is pursued, with emphasis on the interplay between the elements. Furthermore, the growth of international business which has been accelerated by globalization implies that UMI must equip its graduates with the skills and competences to operate across national and cultural boundaries.

As a further reflection from this thesis, the author also recognizes that over the period of the study, the environment in terms of the global economy, the national economy and the evolving markets for business education, the process of change has been continuous and shows no signs of abating. This has undoubtedly impacted on the author's own work and learning programme, underlying the fact that the world does not stand still, and continuing change has to be brought into all our attempts to plan for the future. This will be a vital ingredient in preparing for the future role of UMI, most especially perhaps in terms of its leadership and strategic management function: leaders of vision and willingness to transform and change their institutions are needed to adapt to this dynamic environment. Such institutions must be entrepreneurial to survive in the twenty-first century which means that their leaders must be willing to think in creative ways and to act entrepreneurially. UMI certainly needs leadership from top management, but top down direction may inhibit the bottom up initiatives that are the life-blood of an

institution that is resilient and responsive to a changing external environment. The quality of a management development institute (MDI) resides, above everything else, in the quality of its staff; in particular in the extent to which its intellectual vigour responds to the requirements of teaching and research. Top management in UMI, which should be concerned mainly with attracting the highest quality of staff and the management of resources and external relations, requires a special touch and should not be modeled on management styles which may be appropriate for industry and commerce. In addition, in order to meet the expectations of its clients, the author now believes that UMI must prove its capacity to be an excellent management education provider. It should excel in faculty recruitment and development, on the design and marketing of its programmes as well as in the creation of cutting – edge research that can be used to support the delivery. To be a competitive player, in this arena, UMI needs to produce real-world impact for those involved. If such a combination of excellence is successful, it will generate higher income for the Institute and lead to customer satisfaction and business retention (Buchel and Antures 2007), thus reinforcing the virtuous circle of high reputation (Lorange 2002).

In a study of this nature, it is common for the researcher to reflect on the general methodological approach: basically, are there research initiatives that have not worked out or things that one would do differently with hindsight? On reflection there is one area in particular that might have been handled differently, namely the design and application of the survey and interviews. It seemed important in the middle stages of the research to undertake the fieldwork which would obviously be a critical part of the DBA submission. This was actually carried out after a preliminary review of the literature, but it would have been better if he had waited till the literature review had been completed to a point where the structure and focus of his approach was clarified. As it was, (and in particular reference to Learning Goal No.4) once the fieldwork was complete, it was necessary to revise the rationale for the survey in light of the clearer options established by the full literature survey. By completing the literature review and establishing a clearer framework for the survey, it might have been possible to get great depth in some of the questions, and a sharper focus on some of the key issues emerging. However, since the study was largely action research-oriented, such an *ex post* approach is tolerable (Saunders et al 2000).

Finally, the author wishes to reflect on the DBA structure. The structure of the University of Glasgow DBA programme which requires the researcher to address several learning goals, is extremely demanding especially to a work-based student as the case was with this writer. Working on five (5) learning goals and at the same time attend to the employer's job demands inevitably prolonged the duration of the research assignment. Unless one is fully committed to the programme, its demands could affect the completion rate by registered students. Possibly, this is an area that might call for a review of the University of Glasgow DBA programme structure by the concerned authorities.

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# PART 2



## **LEARNING GOAL NUMBER TWO**

### **Research Methods And Data Analysis**

## **A Statement on Learning Goal No. 2**

The major objective under this goal was to expose the writer to the research methodologies which would eventually provide him with a basis for selecting appropriate research for the various learning goals which have already been mentioned. This was in line with the DBA requirement that the candidate undertakes a research which would enable him to become a well trained researcher and an effective contributor to his organisation's development strategies. The uniqueness of this particular Learning Goal from the others which have earlier been discussed necessitated to provide it under this thesis as Part 2.

# CHAPTER ONE

## GENERAL INTRODUCTION

Although research is central to both business and academic activities, there is no consensus in the literature on how it should be defined (Hussey and Hussey 1997). However, the Websters International Dictionary proposes a very inclusive definition of research as “a careful critical inquiry or examination in seeking facts or principles diligent investigation in order to ascertain something”. But as Santosh Gupta (1999) argues it is not enough to give us a complete and clear idea of what research involves. The obvious function of research is to add a new knowledge to the existing store. In simple words, research can be defined as any scholarly investigation in search for truths, for facts, for certainties (Santosh Gupta, *ibid*). Similarly, Kothari (2000) shares the view that one can also define research as a scientific and systematic search for pertinent information on a specific topic. He concludes that in fact, research is an art of scientific investigation.

Any social or economic research may have two objectives i.e. academic and utilitarian objectives. An urge for knowledge is the basic ingredient of academic research. There was a time when academic research was well regarded. But the trend has achieved a tremendous change and the research is now expected to be more utility-oriented (applied) than merely academic – oriented (pure). As observed by Easterby-Smith et al (2002) the key feature of pure research is that it is intended to lead to theoretical development; there may, or may not, be any practical implications. Applied research on the other hand is intended to lead to the solution of specific problems (Saunders et al. 2000). According to Transfield and Starkey (1998), a key feature of the pure versus applied property concerns the method and style by which the discipline is mapped. The two writers observe that whereas in pure areas mapping is cumulative, largely dictated by the linear and logical development of an academic agenda, in applied areas this condition does not hold.

The driving force behind any type of social research is its philosophical framework. This dictates not only the general perception of reality and social relations but also the type of methods and techniques available to researchers and the motives and aims of social research. According to Sarantakos (1997), in general, writers usually refer to the following aims: -

- ♦ To explore social reality for its own sake or in order to make further research possible;
- ♦ To explain social life by providing reliable, valid and well-documented information;
- ♦ To evaluate the status of social issues and their effects on society;
- ♦ To make predictions;
- ♦ To develop and/or test theories;
- ♦ To understand human behaviour and action; and
- ♦ To offer a basis for a critique of social reality.

The majority of the above stated aims were pursued not only under the current learning goal on research and data analysis but also under the other learning goals or elements.

### **The Relevance of Learning Goal No. 2 to the other Study Elements**

This particular learning goal or element has two specific objectives:

- (i) To expose the writer to the research methodologies
- (ii) To provide a basis for selecting appropriate research

It is important to emphasise that while undertaking this study, each learning goal was addressed not as a free standing component, but as an element in the development and formulation of strategy for the Uganda Management Institute (UMI). In this respect, the study looked at the Structural Adjustment Programmes (3<sup>rd</sup> goal) from the standard point of what they mean for UMI, the human resource (4<sup>th</sup> goal) issues likewise, and the strategic analysis of the global environment (5<sup>th</sup> goal). Obviously, the linking up of the learning goals 3–5 has implications for the research methods that were employed.

### **Demands for Learning goal No. 2**

As already outlined the general objective under this goal was ***“to undertake a programme of study in research methods and data analysis likely to be relevant to other learning goals”***. Kjell et al (2001) have rightly observed that one reason why students become more exasperated than necessary on the dissertation journey is that they fail to understand the procedures and practices that form the foundation of contemporary

social science research. Therefore in order for the writer to successfully undertake his research work covering the various learning goals, he must be armed with both the knowledge and skills of a good researcher.

There are a wide range of areas that the writer had to cover under this learning goal. Robson (1999) provides guidance when he states that while carrying out an inquiry a number of things need to be given attention. Some of the main ones include:-

- ♦ Deciding on the focus;
- ♦ Developing the research question(s);
- ♦ Choosing a research strategy;
- ♦ Selecting the method(s);
- ♦ Arranging the practicalities;
- ♦ Collecting the data;
- ♦ Preparing for and carrying out analysis;
- ♦ Reporting on what you have found;  
and possibly
- ♦ Acting on the findings

With the above guidelines, the writer is expected to be capable of producing good research which generates dependable data, being derived by practices that are conducted professionally. Cooper and Schindler (1998) outline several criteria of a good research which the writer finds instructive and had therefore to adhere to those principles which include the following among others:-

**(i) Purpose clearly defined**

The purpose of the research – the problem involved or the decision to be made should be clearly defined and sharply delineated in terms as unambiguous as possible.

**(ii) Research process detailed**

The research procedures used should be described in sufficient detail to permit another researcher to repeat the research. Except when secrecy is imposed, research reports should reveal with condour the sources of data and the means by

which they were obtained. Cooper and Schindler (ibid) argue that omission of significant procedural details makes it difficult or impossible to estimate the validity and reliability of the data and justifiably weakens the confidence of the reader in the research and any recommendations based on the research.

**(iii) *Research design thoroughly planned***

The procedural designing of the research should be carefully planned to yield results that are as objective as possible.

**(iv) *Limitations frankly revealed***

The researcher should report, with complete frankness, flaws in procedural design and estimate their effect on the findings. The writer agrees with Cooper and Schindler (ibid) that there are very few perfect research designs. Some of the imperfections may have little effect on the validity and reliability of the data'; others may invalidate them entirely. A competent researcher should therefore be sensitive to the effects of imperfect design, and his or her experience in analysing the data should provide a basis for estimating their influence.

**(v) *Adequate analysis for decision maker's needs***

Analysis of the data should be sufficiently adequate to reveal its significance, and the methods of analysis used should be appropriate.

**(vi) *Conclusions justified***

Conclusions should be confined to those justified by the data of the research and limited to those for which the data provide an adequate basis.

The above principles guided the research which the writer undertook on the various already stated learning goals. Of course as observed by Saunders et al (2002), there is no one best way for undertaking all research. The researcher was able to make an informed choice about the approaches, strategies and methods that are most suitable to his research project and was- able to justify this choice. And indeed the chosen approach must make the research project well focused. McNamara (1999) expresses the view that the more focused you are about what you want to gain by your research, the more effective and efficient you

can be in your research, the shorter the time it will take you and ultimately the less it will cost you.

### ***Designing the Research***

Research design refers to the strategy to integrate the different components of the research project in cohesive and coherent way. Rather than a “Cookbook” from which you choose the best recipe, it means to structure a research project in order to address a defined set of questions (Trochim and Land, 1982). Similarly Hussey and Hussey (1997) have referred to a research design as the science (and art) of planning procedures for conducting studies so as to get the most valid findings. Determining your research design will give you a detailed plan which you will use to guide and focus your research. Sarantakos (1997) rightly considers this step as the most significant element in the research process. Here all of the research will be designed, options considered, decisions made and details of the research laid down for execution. Of course the form of the research model employed in practical solutions varies according to the nature and purpose of the project and the type of method used. Thus exploratory studies employ a model that differs from that of surveys, experiments and causal studies. Despite this, there are several common points to be considered, and decisions must be made in all types of design (Saunders et al, 2000).

Gupta (1999) however states that every design has its own strengths and weaknesses and at the same time there is no such a thing as a simple correct design. A good research design should satisfy the following four conditions: objectivity, reliability, validity and generalisability of the findings.

Sarantakos (1997) suggests that while making any research design the following questions which were obviously addressed by the current writer must be answered:-

#### ***(i) Which topic? Which methodology?***

The first decision the researcher must make in the context of a research model is about the research topic to be studied and then the methodology that will be used in the investigation. In the current study the various five learning goals which were tackled by the writer have already been outlined. In part the writer was involved in descriptive research but he also needed to go beyond this into the exploratory one

which suited his theme. According to Robson (1999) exploratory studies are a valuable means of finding out “what is happening; to seek new sights; to ask questions and to assess phenomena in a new light”. It is a particularly useful approach if you wish to clarify your understanding of a problem (Easterby – Smith et al. 2002).

Saunders et al (2000) outlined three principal ways of conducting exploratory research which the current researcher also utilised:-

- ♦ A search of the literature;
- ♦ Talking to experts in the subjects;
- ♦ Conducting focus group interviews

Saunders and his colleagues further observe that the great advantage of an exploratory study is that it is flexible and adaptable to change. If you are conducting exploratory research you must be willing to change your direction as a result of new data which appears and new insights which occur to you. This advantage was reinforced by Adams and Schvanelveldt (1991) when they argued that the flexibility inherent in exploratory research does not mean absence of direction to the inquiry. What it does mean is that the focus is initially broad and becomes progressively narrower as the research progresses.

The explanatory approach is considered less helpful to this study because as noted by Sarantakos (1997) explanatory research aims at explaining social relations or events, advancing knowledge about the structure, process and nature of social events, linking factors and elements of issues into general statements and building, testing and revising theory. Obviously, this is not the major aim of the studies which were to be carried out on the already stated learning goals. To some extent however, some descriptive research which provide background information about the issue in question as well as stimulating explanations was inevitable. As Robson (1999) observed, a particular study may be concerned with more than one purpose, possibly all three (exploratory, explanatory and descriptive) but often one will predominate.

While addressing learning goals 3 – 5, the approach was largely qualitative research and phenomenological rather than positivist. According to Sarantakos (1997)



qualitative methodology is associated with many diverse methods employed in social sciences. In principle, qualitative methodology demonstrates the following characteristic elements:-

- ♦ It studies a small number of respondents
- ♦ It aims to study reality from the inside not from the outside
- ♦ It aims to understand people, not to measure them
- ♦ It employs research procedures that produce description
- ♦ It employs research procedures that produce descriptive data, presenting in the respondents' own words their views and experiences (Sarantokos, 1997)

As observed by Saunders et al , (2000) the phenomenological approach to research is so called because it is based on the way people experience social phenomena in the world in which they live.

Easterby – Smith et al (2002) observed that the techniques primarily associated with qualitative methods are: interviews, observation and diary methods. They however emphasise that the most fundamental of all qualitative methods is that of in-depth interviewing which the writer actively utilised while researching on all the already outlined learning goals. And because of the importance of interviewing in the research process, a complete chapter is devoted to it. According to Turner (2002), "interviewing, a technique rather than a method, but one which is very important in both the survey and observation methods, merits separate treatment". In addition to interviewing the relevant respondents for each learning goal, the researcher also utilised other research methods like administering questionnaires to a selected sample of respondents, holding focus discussion groups among the various stakeholders and visiting sampled organisations to study their policies which were relevant to his studies. This combination was useful because as Turner (2002) observed, a research design which makes ingenious use of research methods from more than one family can be very powerful if the strength of each method cover the others' weaknesses. It also widens your methodological experience.

**(ii) Method of Analysis?**

The method of analysis to be employed in the study must be decided. According to Sarantakos (1997), this issue is very important since it will influence the other aspects of research planning. But as observed by Robson (1999), the main challenge to qualitative data analysis is that there is “no clear and accepted set of conventions for analysis corresponding to those observed with quantitative data”.

**Constraints the researcher was likely to face**

Powell (1991) makes a good outline of the difficulties a researcher in the developing world is likely to face. The writer finds them relevant to the Uganda situation. Powell (ibid) states that a researcher in developing countries has to cope with many difficulties.

Environmental problems make access to enterprises difficult. Because many managers within an organisation are so overwhelmed with their day-to-day problems, they are reluctant to respond to questionnaires or interviews. Secrecy prevents access to primary data, even if it is readily available, which it often is not. Much data obtained or secondary sources are unreliable or inaccurate. Some managers hide data – they do not want unsatisfactory situations to become known. Travel and communication is sometimes difficult for field research and of course, funds are always limited.

Obviously as observed by Bell (1997) no researcher can demand access of an institution, an organisation or to materials. People will be doing you a favour if they agree to help, and they will need to know exactly what they will be asked to do, how much time they will be expected to give and what use will be made of the information they provide. They will have to be convinced of your integrity and of the value of the research before they decide whether or not to cooperate.

In this regard, the writer endeavoured to make all the intentions of his research explained to the relevant authorities and respondents both verbally and in writing. He obtained introduction letters from Uganda Management Institute (UMI). Fortunately, there were many managers and public servants who had attended courses at UMI and these were used as very useful contacts to gain access to the selected organisations. Easterby-Smith (2002)

observed that the good news is that although there are currently far more people trying to gain access to organisations for their research, there seems to be a growing acceptance of the value of in-company projects. Probably this is because a growing number of middle managers have now been through business school themselves. Consequently, they are not so likely to be threatened, and they may be genuinely interested in what is being investigated. Similarly, the writer benefited from this positive development.

## **Lay- Out of Learning Goal NO.2**

The study under this learning goal consists of four chapters. Chapter I (as already discussed) gives a general introduction and a brief overview of research. The rest of the chapters will be discussing in detail some of the methods which the researcher employed while undertaking the research on the different learning goals.

The second chapter will discuss “the considerations involved in participant observation and action research”. Chapter III will relate to “the use of qualitative survey”. This chapter will discuss issues leading to the development of a questionnaire and also explain the researcher’s approach to interviewing. The fourth chapter concentrates on the research design for the subsequent learning goals.

## **CHAPTER TWO**

### **ACTION RESEARCH AND PARTICIPANT OBSERVATION**

#### **INTRODUCTION**

The major objective of this chapter is to make a brief overview of action research (AR) and discuss its approach, advantages and disadvantages. The intention was to help the researcher make an informed choice about his approach to his research.

Action research (AR) has been receiving increasing attention since the 1990s as an alternative to bridge the gap between academic research and organisational practice (McKernan, 1991; Ledford and Mohrman, 1993; Tichy and Friedman, 1994). As observed by Kock (1997) AR has been presented as a research approach with the potential of both overcoming limitations associated with the academic isolation inherent in positivist approaches, and bringing together organisations, society and academic researchers in co-operative research efforts. Consequently, writers like Eden and Huxhan (1996) now believe that action research has become increasingly prominent among management researchers as an espoused paradigm used to justify the validity of a range of research outputs.

Ever since its emergence as a distinct line of research, notably after the end of the Second World War, action research (AR) has been a controversial subject. It has been both evangelised by AR practitioners and strongly criticised by those who defend positivist research approaches. Practitioners have presented AR as an alternative to overcome the limitations posed by positivism, often giving the impression that AR and positivism are contradictory research movements (Reason, 1993; 1994). This view has led researchers into a feeling compelled to take one side or another as regards their main research orientation, and form research communities where either the word "AR" or "positivism" is seen as associated with "inappropriate" forms of inquiry (Heller, 1993).

Although there is some controversy about the origins of AR, it has been considered a distinctive form of research since the early 1940s. Kurt Lewin is generally regarded as one

of its pioneers (Susman and Evered, 1978; Checkland, 1981; Argyris, Putnam and Smith, 1985) and the first person to use the term “action research” to refer to a specific research approach in which the researcher generates new social knowledge about a social system, while at the same time attempting to change it (Lewin, 1946; Peters and Robinson, 1984).

According to Kock (ibid) early published material suggests that AR grew from a desire of researchers to deal with important social problems. However, shortly after its early development in the late 1940s, AR began to be used in large scale to deal with intra-organisational and work life problems. Most of the AR practice in the second half of the 20<sup>th</sup> century has continued and expanded this organisational and work life focus and one of the major topics of AR has been the issue of “job satisfaction” and its dependence upon several aspects of work situations (Gustavsen, 1993). It is believed by Fox (1990) and others that one of the reasons for the emergence of AR is the recognition that a social system can be more deeply understood if the researcher is part of the socio-technical system being studied, which can be achieved through applying positive intervention on the system. This involvement is also believed to foster co-operation between researcher and those who are being studied, information exchange, and commitment towards both research quality and organisational development.

The current researcher has inevitably been drawn into the action research approach because of the nature of work based research in Uganda Management Institute (UMI) of which he is a part. The respective learning goals that the writer handled have a lot of strategic bearing to the success of UMI. Accordingly, the research must involve the collaboration and cooperation of the researcher with UMI's stakeholders who include government officials, the private sector, UMI staff, students and other customers. As stated by Gina Wisker (2001) the key features of action research are that the researcher and those being researched are in partnership. The aims, practices, strategies and findings are shared at each stage. The approach was therefore largely participatory. And since much of the research was be qualitative rather than quantitative, we were involved in interviews and participant observation which are important instruments in action research. Indeed we should remember that action research criticises the theoretical and methodological basis of conventional and methodological basis of conventional social research, both by its challenges and by its claims. As Winter (1987) put it, “It challenges a scientific method of inquiry based on the authority of the ‘outside’ observer and the ‘independent’ experimenter

and it claims to reconstruct both practical expertise and theoretical insight on the different basis of its own inquiry procedures.

### **What is Action Research?**

Action research (AR) is known by many other names, including participatory research, collaborative inquiry, emancipatory research, action learning, and contextual action research, but as observed by Rory O' Brien (1998) all are variations on a theme. AR aims to contribute both to the practical concerns of people in an immediate problematic situation and to further the goals of social science simultaneously. Thus there is a dual commitment in AR to study a system and concurrently to collaborate with members of the system in changing it in what is together regarded as a desirable direction. Accomplishing this twin goal requires the active collaboration of researcher and client, and thus it stresses the importance of co-learning as a primary aspect of the research process (Rory O' Brien, 1998). As observed by Susman and Evered (1978), Rapoport's (1970) definition of action research is, perhaps the most frequently quoted in contemporary literature on the subject: "Action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework". To the aims of contributing to the practical concerns of people and goals of social science, Susman and Evered (ibid) add a third aim, to develop the self-help competencies of people facing problems. This is emphasised by Eden and Huxham (1996) when they observe that whatever the precise interpretation of the phrase "action research," the common theme to which most uses of it would subscribe is that the research output results from an involvement with members of an organisation over a matter which is of genuine concern to them.

Several attributes separate AR from other types of research. Primary is its focus on turning the people involved into researchers, too – people learn best and more willingly and apply what they have learned, when they do it themselves. It also has a social dimension – the research takes place in real-world situations, and aims to solve real problems. Bell (1997) observed that the essentially practical problem – solving nature of action research makes this approach attractive to practitioner – researchers who have identified a problem during the course of their work, see the merit of investigating it and, if possible, of improving practice. As the name suggests, action research is a methodology which has the dual aims of action and research:

- ♦ **Action** to bring about change in some community or organisation or programme
- ♦ **Research** to increase understanding on the part of the researcher or client, or both (Bob Dick, 1993).

Our discussion is based on our definition of organisational action research, which is: “a general term to refer to research methodologies and projects where the researcher(s) tries to directly improve the participating organisation(s) and, at the same time, to generate scientific knowledge” (Kock, 1997).

The above definition states that action research projects search for “direct” organisational improvements. This means that genuine action research projects should search for organisational improvements “during” the research, rather than after the research. The definition also highlights that AR should search for “scientific” knowledge. Although the word “scientific” lacks a clear and generally accepted definition, this means that research projects where intervention is not accompanied by systematic reflection and learning cannot be considered genuine AR projects either.

We have above defined AR as a form of research intended to have both action and research outcomes. This is however a minimal definition since various writers (Gupta, 1999, Saunders et al, 2000) add other characteristics or conditions. Almost all writers appear to regard it as cyclic (or a spiral) either explicitly or implicitly. At the very least, intention or planning precedes action, and critique or review follows. It will later be argued that this has considerable advantages. It provides a mix of responsiveness and rigour, thus meeting both the action and research requirements. For some writers (Sarantakos, 1997) AR is primarily qualitative because qualitative research can be more responsive to the situation. And indeed the need for responsiveness is one of the most compelling reasons for choosing action research. Participation is another requirement for some writers. Some in fact, insist on this. Participation can generate greater commitment and hence action. When change is a desired outcome and it is more easily achieved if people are committed to the change, some participative form of action research is often indicated (Bob Dick, 1993).

We can conclusively state that while the definitions of AR are numerous, they all agree on one point: AR involves research intervention in real life contexts in order to both improve those contexts and, at the same time, generate relevant scientific knowledge (Jonsson,

1991; Peters and Robinson, 1984). That intervention may target core business improvements, such as overall competitiveness, or more limited improvements, such as building or expanding the existing learning skills of the organisation (Elden and Chrisholm, 1993; Whyte et al 1991). This improvement –oriented characteristic of AR is based on the belief that the researcher’s positive intervention fosters involvement, co-operation and information exchange with organisation members, which in turn leads the researcher to a deeper understanding of the context being observed (Fox, 1990; Gustavsen, 1993).

## **Principles of Action Research**

What gives action research its unique flavour is the set of principles that guide the research. Susman and Evered (1978) together with Winter (1989) provide a comprehensive overview of six key principles:

### **(i) *Reflexive Critique***

An account of a situation, such as notes transcripts or official documents, will make implicit claims to be authoritative, i.e. it implies that it is factual and true. Truth in a social setting, however, is relative to the teller. The principle of reflective critique ensures people reflect on issues and processes and make explicit interpretations, biases, assumptions and concerns upon which judgements are made. In this way, practical accounts can give rise to theoretical considerations.

### **(ii) *Dialectical Critique***

Reality, particularly social reality, is consensually validated, which is to say it is shared through language. Phenomena are conceptualised in dialogue, therefore a dialectical critique is required to understand the set of relationship both between the phenomenon and its context, and between the elements constituting the phenomenon. The key element to focus attention on are those constituent elements that are unstable, or in opposition to one another. These are the ones that are most likely to create changes.

### **(iii) *Collaborative Resource***

Participants in an action research project are co-researchers. The principle of collaborative resource presupposes that each person’s ideas are equally significant as potential resources for creating interpretative categories of analysis, negotiated



among the participants. It strives to avoid the skewing of credibility stemming the prior status of an idea-holder. It especially makes possible the insights gleaned from noting the contradictions both between many view positions and within a single viewpoint.

**(iv) Risk**

The change process potentially threatens all previously established ways of doing things, thus creating psychic fears among the practitioners. One of the more prominent fears comes for the risk to ego stemming from open discussion of one's interpretations, ideas and judgements. Initiators of action research will use this principle to allay others' fears and invite participation by pointing out that they, too, will be subject to the same process, and that whatever the outcome, learning will take place.

**(v) Plural Structure**

The nature of the research embodies a multiplicity of views, commentaries and critiques, leading to multiple possible actions and interpretations. This plural structure of inquiry requires a plural text for reporting. This means that there will be many accounts made explicit, with commentaries on their contradictions, and a range of options for action presented. A report, therefore, acts as a support for ongoing discussion among collaborators, rather than a final conclusion of fact.

**(vi) Theory, Practice, Transformation**

For action researchers, theory informs practice, practice refines theory, in a continuous transformation. In any setting, people's actions are based on implicitly held assumptions, theories and hypotheses, and with every observed result, theoretical knowledge is enhanced. The two are intertwined aspects of a single change process. It is up to the researchers to make explicit the theoretical justifications for the actions, and to question the bases of those justifications. The ensuing practical applications that follow are subjected to further analysis, in a transformative cycle that continuously alternates emphasis between theory and practice.

## Why would Anyone Use Action Research?

There are a number of reasons why a researcher might choose to do action research including for thesis research .....

- ♦ Action Research lends itself to use in work or community situations. Practitioners, people who work as agents of change, can use it as part of their normal activities. Mainstream research paradigms in some field situations can be more difficult to use. There is evidence, for instance from Barlow, Hayes and Nelson (1984), that most US practitioners do very little research, and do not even read that much. Martin (1989) presents similar evidence for Australian and English psychologists which evidence is pretty relevant to practitioners in developing countries like Uganda. Bob Dick (1993) observed that increasingly in Australia, practitioners with academic settings are being pressured to publish more. Those he talked to reported that research is a heavy additional load: almost an extra job. And indeed this observation is relevant to the professional staff of Uganda Management Institute as it was revealed in the findings under Learning Goal No. 1. Action Research obviously offers such people a chance to make more use of their practice as a research opportunity.
- ♦ When practitioners use action research it has the potential to increase the amount they learn consciously from their experience. The AR cycle can also be regarded as a learning cycle ( Kolb, 1984). The educator Schon (1983, 1987) argues strongly that systematic reflection is an effective way for practitioners to learn.
- ♦ According to Dick Bob (1993) it enhances your resume to have done a thesis which has direct and obvious relevance to practice. If it has generated some worthwhile outcomes for the client, then that is a further bonus. (There are however, other research methodologies, including some conventional forms, which also offer this advantage.)
- ♦ As already discussed, AR is usually participative. This implies a partnership between the researcher and his clients. He may find this more ethically satisfying. For some purpose it may also be more occupationally relevant. This is probably better explained by Transfied and Starkey (1998) in their contrast of 'modes 1' and the alternative method 'mode2'. They explain that mode 1 follows the more traditional model, whereby knowledge production occurs largely as a result of an academic agenda. On the other hand, mode 2 offers a very different model of knowledge production. The mode 2 knowledge-production system requires trans – disciplinarity in which team working

rather than heroic individual endeavour becomes the established norm. Gibbons et al., (1994) rightly consider mode 2 as pluralist rather than elitist and they emphasise that it is not meant to replace mode 1 but to 'exist along side it'.

### **So why doesn't everyone use Action Research?**

Despite the above outlined advantages of AR one may wonder why it is not more common. Dick Bob (1993) provides some good reasons why one may decide to stay within mainstreaming research. He gives some of the costs of choosing AR as one's research paradigm:

- ♦ It is harder to do than conventional research. You take on responsibilities for change as well as for research. In addition, as with other field research, it involves you in more work to set it up and as observed by Dick Bob (Ibid) you may not get any credit for that.
- ♦ It doesn't accord with the expectations of some examiners. Deliberately and for good reasons it ignores some requirements which have become part of the ideology of some conventional research. In that sense, it is counter-cultural. Because of this some examiners find it hard to judge it on its merits. They do not recognise that it has a different tradition, and is based on a methodological perspective and principles different from their own.
- ♦ The library work for AR is more demanding. In conventional research you know ahead of time what literature is relevant. In most forms of AR, the relevant literature is defined by the data you collect and your interpretation of it. That means that you begin collecting data first, and then go to the literature to challenge your findings. (This is also true of some forms of field research, though certainly not all).
- ♦ Action research is much harder to report, at least for thesis purposes. If you stay close to the research mainstream you don't have to take the same pains to justify what you do. For AR, you have to justify your overall approach. You have to do this well enough that even if examiners don't agree with your approach, they have to acknowledge that you have provided an adequate rationale.
- ♦ All else being equal, an action research thesis is likely to be longer than a conventional thesis. As already mentioned you have to provide a more compelling justification for what you do. In effect, you have to write two theses. One reports your method, results and interpretations. The other explains why these were appropriate for the research

situation. In addition, if you use qualitative data (as is the case most of the time) that also tends to take more space to report.

The above-mentioned disadvantages or shortcomings of undertaking an Action Research may paint a risky picture in using this methodology. While this picture may be reasonable and perhaps even realistic, Dick Bob (ibid) suggests ways of reducing the risk of doing AR. The two most important actions you can take are .....

- ♦ At all times collect and interpret your data in defensible ways. In particular know your overall methodology before you begin. At least, know how you intend to start, and check that it is defensible. You will change your mind about methodology in the light of your experience;
- ♦ Justify your methodology carefully in the eventual thesis. Carefully explain your reasons for using AR, qualitative data collection, and the specific methods you use. Be careful to do so without being evangelistic, and without implying even the mildest criticism of other research paradigms.

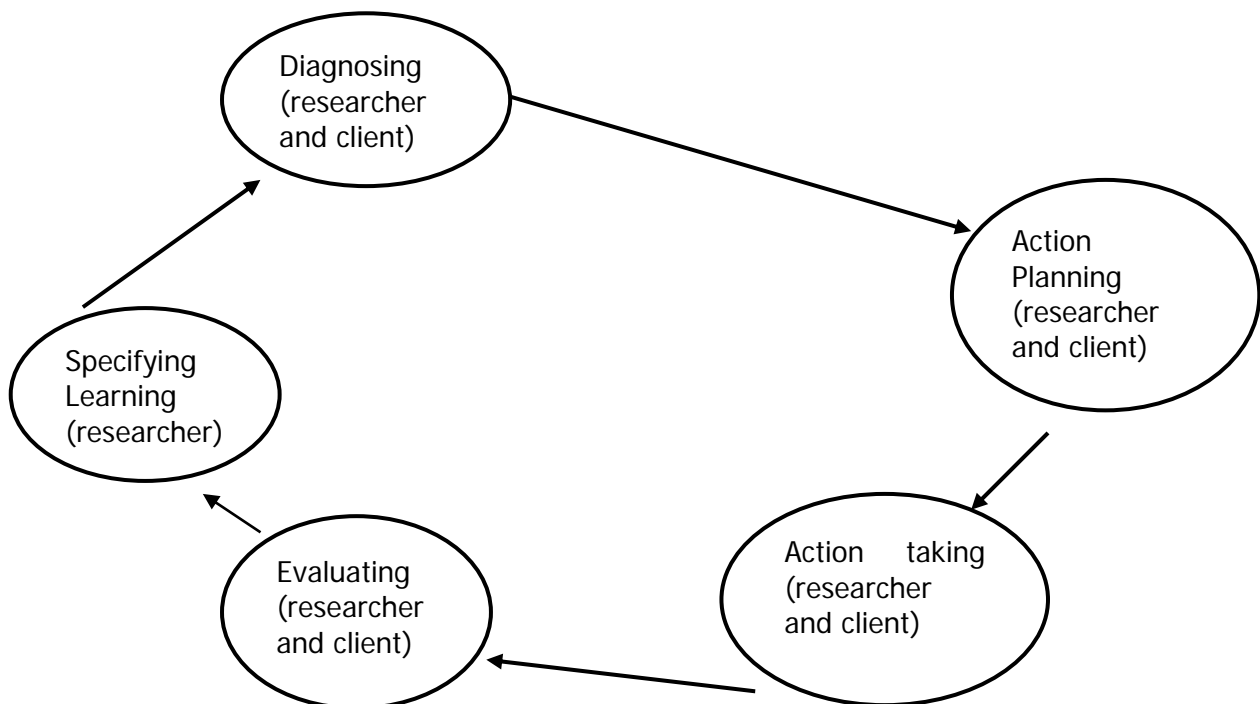
### **The Action Research Cycle**

Many writers (Susman and Evered, 1978; Sarantakos, 1997 and Gina Wisker, 2001) view a general AR project as a cyclical process carried out through what these authors refer to as the AR cycle. It comprises the following: five stages:- (i) diagnosing , (ii) action planning, (iii) action taking, (iv) evaluating and (v) specifying learning.

The diagnosing stage involves the identification and definition of an improvement opportunity or a general problem to be solved in the client organisation. The following stage, action planning, involves the consideration of alternative courses of action to attain the improvement or solve the problem identified. The action taking stage involves the selection and realisation of one of the courses of action considered in the previous stage. The evaluating stage involves the study of the outcomes of the selected course of action. Finally, the specifying learning stage involves the study of the outcomes of the evaluating stage, and based on this study, knowledge building in the form of a model describing the situation under study. Initially this model is expected to be only descriptive, rather than predictive, since the deep involvement of the researcher with the environment being studied leads, due to time constraints, to the study of a smaller number of instances of particular events.

As observed by Kock et al. (1996) the classical non-participatory approach to AR usually prescribes that all stages but one, the specifying learning stage, be carried out in co-operation with the client organisation (see Figure 2.1). More contemporary approaches to AR, such as participatory AR or PAR, strive to the full involvement of the client organisation in the specifying learning stage as well (Elden and Chrisholm, 1993).

**Figure 2.1: The AR Cycle**



### **Action Researcher Tools**

Action research needs to be planned in the same systematic way as any other type of research, and the methods selected for gathering information will depend on the nature of the information required (Bell, 1997). As stated by Rory O'Brien (1998) AR is more of a holistic approach to problem solving, rather than a single method for collecting and analysing data. Thus, it allows for several different research tools to be used as the project is conducted. These various methods, which are generally common to the qualitative research paradigm, include:- keeping a research journal, document collection and analysis, participant observation recordings, questionnaire surveys, structured and unstructured interviews and case studies.

## **Ethical considerations**

Because action research is carried out in real world circumstances, and involves close and open communication among the people involved, the researchers must pay close attention to ethical considerations in the conduct of their work. Richard Winter (1996) and Robson (1999) list a number of principles:

- ♦ Make sure that the relevant persons, committees and authorities have been consulted, and that the principles guiding the work are accepted in advance by all.
- ♦ All participants must be allowed to influence the work, and the wishes of those who do not wish to participate must be respected.
- ♦ The development of the work must remain visible and open to suggestions from others.
- ♦ Permission must be obtained before making observations or examining documents produced for other purposes.
- ♦ Descriptions of others' work and points of view must be negotiated with those concerned before being published.
- ♦ The researcher must accept responsibility and maintain confidentiality.
- ♦ Always allow those involved in interviews, meetings and written exchanges to require amendments which enhance fairness, relevance and accuracy.

### **To this Rory O'Brien (1998) adds several more points:**

- ♦ Decisions made about the direction of the research and the probable outcomes are collective.
- ♦ Researchers are explicit about the nature of the research process from the beginning including all personal biases and interests.
- ♦ There is equal access to information generated by the process for all participants.

- ♦ The outside researcher and the initial design team must create a process that maximises the opportunities for involvement of all participants.

While undertaking research on the various learning goals, the writer ensured that the above ethical considerations and guidelines were properly attended to as far as possible. As an insider of Uganda Management Institute (UMI) which will benefit from the studies, the researcher ensured that all colleagues at UMI who participated in this action research were fully briefed and sensitized on the objectives and benefits of the study. In the same way other stakeholders who participated in the study received a comprehensive verbal and written explanation of the study objectives which also solicited their cooperation in the study. And in order to minimise bias by the researcher, he actively ensured validity of his findings through closely working with other people who were given the opportunity to comment on the outcomes of the study. This was considered important because one of the big differences between action research and the standard scientific approaches is that the latter are concerned to take observer bias out of the process but AR necessarily involved direct participation, with the greater probability that personal and other biases will creep in un observed. And this often created resistance in some quarters as to the legitimacy of action research.

## **PARTICIPANT OBSERVATION**

The action research methodology in most cases will utilise observation as a method. Whereas interviews and questionnaires elicit responses from the subjects, it is possible to gather data without asking questions of respondents. People can be observed in their natural work environment and their activities and behaviour or other items of interest can be recorded (Serakan, 2000). As the actions and behaviour of people are a central aspect in virtually any inquiry, a natural and obvious technique according to Robson (1999) is to watch what they do, to record this in some way and then to describe, analyse and interpret what we have observed. Cooper and Schindler (1998) argue that observation qualifies as a scientific inquiry when it is specifically designated to answer a research question, is systematically planned and executed, uses proper controls, and provides a reliable and valid account of what happened. The versatility of observation makes it an indispensable primary source method and a supplement for other methods. Cooper and his colleague however observe that many academics have a limited view of observation, relegating it to a minor

technique of field data collection. This (they argue) ignores its potential for forging business decisions and denies its historic stature as a creative means to obtain primary data.

Observation can be used for several purposes in a study (Robson, 1999). It is commonly used in an explanatory phase, to seek to find out what is going on in a situation as a precursor to subsequent testing out of these insights as hypotheses. Observation can also be used as a supportive or supplementary technique to collect data that may complement or set in perspective data obtained by other means.

### **What is participant observation?**

According to Robson (1999), a key feature of participant observation is that the observer seeks to become some kind of member of the observed group. This is where the researcher attempts to participate fully in the lives and activities of subjects and thus becomes a member of their group, organisation or community (Saunders et al, 2000). Gill and Johnson (1997) note that this enables the researcher to share their experience by not merely observing what is happening but also feel it. Cooper and Schindler (1998) add that sometimes he or she is known as an observer to some or all of the participants; at the other times the true role is concealed. While reducing the potential for bias, this again raises an ethical issue as earlier discussed. Often subjects will not have given their consent and will not have knowledge of or access to the findings.

A four-fold categorisation of the role of the participant observer can adopt has been developed by Gill and Johnson (1997). These roles are:

- ♦ Complete participant
- ♦ Complete observer
- ♦ Observer as a participant
- ♦ Participant as observer,

The first two of these roles, complete observer, involve you as a researcher in concealing your identity. This according to Saunders et al., (2000), has the significant advantage of you not conditioning the behaviour of the research subjects you are studying. The second two, observer as participant and participant as observer, entail you revealing your purpose to those with whom you are mixing in the research setting. And obviously, the latter two roles are ethically less problematic.



## **Advantages and disadvantages of participant observation**

There are a number of both advantages and disadvantages encountered in the use of participant observation as a research method. And Saunders and his colleagues provide a list of them:

### ***Advantages***

- It is good at explaining “what is going on” in particular social situations
- It heightens the researcher’s awareness of significant social processes
- It is particularly useful for researchers working within their organisations
- Some participant observation affords the opportunity for the researcher to experience “for real” the emotions of those who are being researched
- Virtually all data collected are useful

### ***Disadvantages***

- It can be time consuming
- It can pose difficult ethical dilemmas for the researcher (as stated above)
- There can be high levels of role conflict for the researcher (e.g. “colleague” vs researcher)
- The closeness of the researcher to the situation being observed can lead to significant observer bias
- The participant observer role is a very demanding one to which not all researchers will be suited
- Access to organisations may be difficult
- Data recording is often very difficult for the researcher.

As stated by Robson (1999) the special case of observing a group of which you are already a member carries obvious advantages and disadvantages. In this particular research process the writer was largely involved as participant as observer since he is an employee of Uganda Management Institute. As a member of staff he took advantage of his inside knowledge of the Institute’s operations and his colleagues’ behaviours. He was however, mindful of his closeness to the situation being observed and took the necessary precautions (which have been discussed above) in order to minimise the possibility of being biased.

## **Conclusion**

The conclusion will merely summarise the main points that the writer has tried to make. The general discussion has been based on the definition of organisational action research which is: "a general term to refer to research methodologies and projects where the researcher tries to directly improve the participating organisation and, at the same time, to generate scientific knowledge.

Action research is more applicable than mainstream research methods in situations requiring responsiveness and flexibility and action. It may be more relevant to practitioners. It is above all, a method for yielding simultaneous action and research outcomes. It is able to do this because it adapts to the situation. To achieve adequate rigour it does this within a reflective spiral. Each turn of the spiral integrates theory and practice, understanding and action, and informs the next turn. It is usually (though not necessarily) qualitative and participative and participant observation is often used as a research method.

## CHAPTER THREE

### THE USE OF QUALITATIVE SURVEY

This chapter is devoted to discussing pertinent issues relating to the use of qualitative survey. It outlines the steps in a survey project and attempts to discuss in some reasonable detail the common methods used in qualitative survey which include the questionnaire and interview. These methods are discussed because the writer used them in his subsequent research learning goals.

Surveys are the most commonly used method of data collection in the social sciences, so common, that they quite often are taken to be the research method of social sciences (Sarantakos, 1997). As mentioned by Easterby-Smith et al (2002), the main purpose of the survey is to obtain information from, or about, a defined set of people or population. And indeed surveys can be a powerful and useful tool for collecting data on human characteristics, attitudes, thoughts and behaviour. Doyle (2001) mentions that sometimes, conducting a survey is the only available option for acquiring the data necessary to answer an important research question. Surveys, according to Saunders et al (2000) allow the collection of a large amount of data from a sizeable population in a highly economical way. In addition the survey method is perceived as authoritative by people in general because it is easily understood (Saunders et al 2000).

According to Robson (1999), it is difficult to give a concise definition of a survey because of the wide range of studies that have been labelled as surveys. Robson however provides the central features of a survey strategy as being:

- the collection of a small amount of data in a standardised form from a relatively large number of individuals, and,
- the selection of samples of individuals from known populations.

Similarly, Kerlinger (1964) suggests that survey research is typified by the collection of data from a population, for some sample drawn from it, to assess the relative incidence, distribution and interrelationships of naturally occurring phenomena.

## **Why do researchers use the survey strategy?**

Although survey studies have several inherent limitations (which will be discussed later) there are several benefits obtained from using surveys as a research strategy. Robson (1999) and Sarantakos (1997) provide the following advantages which are general to all surveys using respondents:

- They provide a relatively simple and straight forward approach to the study of attitudes, values, beliefs and motives.
- They may be adapted to collect generalisable information from almost any human population.
- They can be extremely efficient at providing large amounts of data, at relatively low cost, in a short period of time.
- They allow anonymity, which can encourage frankness, when sensitive areas are involved.
- While using an interview, the presence of the interviewer encourages participation and involvement (and the interviewer can judge the extent to which the exercise is treated seriously).

## **The steps in a survey project**

The Creative Research Systems (on line) and Robson (1999) provide the following steps which should be followed in a survey project:

1. Establish the goal of the project – what you want to learn
2. Determine your sample
3. Choose the methodology
4. Create your questionnaire
5. Pretest the questionnaire
6. Conduct interviews and enter data
7. Analyse the data – produce the report

## Establishing Goals

The first step in any survey is deciding what you want to learn. The goals of the project determine whom you will survey and what you will ask them. If your goals are unclear, the results will probably be unclear. It is therefore important that the goals of the survey should be as specific, clear-cut, and unambiguous as possible.

## Sampling

As observed by Dennis List (2001), sampling is the key to survey research. No matter how well a study is done in other ways, if the sample has not been properly found, the results cannot be regarded as correct. The goal of virtually all surveys as stated by Doyle (2001) is to enable the researcher to predict accurately the characteristics or thoughts of a predefined group of people. Towards this end, it sometimes makes sense to attempt to survey the entire population of interest (for example, when this population is small, such as a company with fewer than 100 employees, or when it is important for reasons of fairness to allow every individual the opportunity to respond). However, in the great majority of cases, surveying the entire population is impractical and unnecessary. If chosen wisely, a relatively small sample or a subset of a population can yield highly accurate predictions, so limited resources are best spent not by trying to survey everyone but by pursuing other goals such as obtaining a high response rate (Saunders et al 2000).

A number of writers including (Hussey and Hussey, 1997; Robson 1999; Saunders et al 2000, and Sekaran, 2000) are in agreement that a sample is made of some of the members of a population. A population may refer to a body of people or to any other collection of items under consideration for research purposes. And a sampling frame is a "list or other record of the population from which all the sampling units are drawn" (Vogt, 1993). For example, in a large organisation you may have a list of all employees and this will form the sampling frame from which you can take a sample.

As discussed in the previous chapter, a sample should be a group small enough to study and large enough to be representative (Shipman, 1988). However Robson (1999) and Saunders et al (2000) provide formulae which have been developed to assist in the choice of an efficient sample size when it is important to limit estimation errors to a particular level.

They outline the following simple general principles worth bearing in mind when determining the sample size:

- The more variability there is in the population, the larger the sample size needed. If people don't vary much on the measures you are taking, you can get away with a smaller sample.
- The type of analysis you are going to do has repercussions on sample size, as does the number of categories into which you will be subdividing the data.

The various types of sampling plan are usually divided into 2 types:

- (i) probability or representative sampling
- (ii) non-probability or judgmental sampling (Robson, 1999 and Saunders et al 2000).

As explained by Saunders (ibid) with probability samples the chance, or probability, of each case being selected from the population is known and is usually equal to all cases. On the other hand, for non-probability samples, the probability of each case being selected from the total population is not known.

Saunders (ibid) and his colleagues provide the following five main techniques which can be used to select a probability sample: (i) simple random (ii) systematic (iii) stratified random (iv) cluster and (v) multi-stage. On the other hand, the techniques applied in the non-probability sampling include (i) quota sampling (ii) convenience sampling (iii) snowball sampling, and (iv) purposive sampling.

It is necessary to emphasise that sampling is an important aspect of life in general and inquiry in particular. We make judgements about people, places and things on the basis of fragmentary evidence (Robson, 1999).

### **Choosing the right survey method**

It is quite usual for a single study to combine quantitative and qualitative methods and to use primary and secondary data. And as observed by Smith (1975), each method, tool or technique has its unique strength and weaknesses.

There are several different ways of administering a survey. According to Doyle (2001), the most common methods are sending written surveys through the mail (questionnaire), asking survey questions over the telephone, and conducting face-to-face interviews. Each of these methods can be effective and can yield a high response rate in certain situations. However, as already stated, they each have a unique set of strengths and weaknesses, and can be ineffective if applied under the wrong circumstances.

The choice of method for a particular project should therefore be made only after careful consideration on the following factors (Doyle, 2001):

(i) Available resources

Mail surveys require money to make copies and to buy stamps and envelopes but their implementation does not require much labour. Telephone surveys require a substantial time commitment from several people to conduct interviews but few monetary resources are needed (unless long distance charges are accrued). Face-to-face surveys require even more labour due to the travel time involved but again require little money unless large distances must be covered. Thus, the choice of which method to use often comes down to the relative availability of money and labour. When labour costs are high (e.g. when interviews must be paid), mail surveys are sure to be the cheapest alternative. However, when money is tight and free labour is available, telephone or face-to-face surveys may be a better choice.

(ii) Time pressure to produce results

Mail and face-to-face surveys usually take a substantial amount of time, at least a month and more typically two months, to complete since each contact involves mailing or travel time. However, in a telephone survey, multiple contact attempts can easily be made in a matter of few days. Thus, if the results are needed quickly, a telephone survey may be the only viable option.

(iii) Sensitivity of topic

Mail surveys are filled out in the privacy of the respondents' homes and they never meet the researchers. They therefore offer a high degree of "anonymity". As a

result, if a survey includes sensitive topics or information which people may be reluctant to divulge, mail surveys will generally produce higher response rates and more accurate responses.

(iv) Complexity of survey questions

In a mail survey, respondents have the written questions in front of them, whereas in a telephone survey, questions must be heard and remembered. If a survey contains complicated questions with many different response options or technical questions that need long explanations, it can be very difficult to administer over a telephone, and a mail survey is more appropriate.

(v) Probability of introducing error or bias

All survey methods are susceptible to error and bias, but in different ways. For example, telephone and face-to-face surveys can be biased by inconsistencies in the behaviour of different interviewers or by interviewers inadvertently giving respondents verbal or non-verbal clues about what sort of answer is appropriate or expected. Mail surveys, in which no interviewer is present, are not subject to these problems. However, they are more susceptible to certain other kinds of error. For example, non-response error can be more problematic for mail surveys because respondents can look over the survey before deciding whether or not to participate. This greatly increases the chance that respondents and non-respondents differ on important variables related to the survey topic. In addition, in a mail survey, the researcher cannot control who exactly in a household is filling out the survey and cannot verify that they are doing so conscientiously and completely. In contrast, in telephone and face-to-face interviews, the interviewer can exercise greater control over the situation and catch errors and omissions as they occur. Overall, telephone and face-to-face interviews allow for the possibility of obtaining somewhat more complete and accurate results than mail surveys, but only if interviews are well-trained and consistent.



(vi) Characteristics of respondents

Sometimes the appropriate survey method is determined by the type of people who are being studied. For example, if a researcher wants to survey the homeless or illegal immigrants, for whom address and phone lists are unavailable, a face-to-face survey is the only viable option.

## QUESTIONNAIRES

A questionnaire is used as a general term to include all techniques of data collection in which each person is asked to respond to the same set of questions in a pre-determined order (de Vaus, 1996). According to Saunders et al (2000), it includes both structured interviews and telephone questionnaires as well as those in which the questions are answered without an interviewer being present. Saunders and his colleagues further observed that the greatest use of questionnaire is made in the survey strategy although both experiment and case study research strategies can make use of these techniques.

### Questionnaire design

Although questionnaires may seem simple to use and analyse, their design is by no means simple (Easterby-Smith et al, 2002).

Constructing valid, reliable, and unbiased questions is necessary but not sufficient for creating a good questionnaire: how the questions are organised and presented also deserves careful consideration (Doyle, 2001). The look and feel of the questionnaire serves as an important cue to respondents as they think about how to react to a request to answer a survey. If it is apparent within the first minute or two that the survey is important and easy to complete, people are highly likely to participate; if instead they are not given compelling reasons to take the time away from other activities to answer the survey or if the questions appear to be too difficult, a lot of people will toss the questionnaire into the trash bin or put it on the bottom of their to-do list, resulting in a low response rate (Easterby-Smith et al 2002; Saunders et al 2000; Sarankatos, 1997). It is therefore apparent from examining the survey that the researchers put in a lot of time and effort to produce a professional-looking and carefully crafted document, people will likely respond with carefully considered, honest answers; if instead, the survey seems to be poorly organised or contains typographical or other careless errors, respondents will be equally as careless when answering the survey.

Thus Easterby-Smith et al (2002) and Doyle (2001) suggest that questionnaire designers should take several steps to ensure that their instruments make a good impression on potential respondents and to encourage people to respond conscientiously. They provide the following steps:

1. Mail surveys should be accompanied by a "cover-letter" that briefly introduces the study and explains why it is important and useful. The cover letter should also include three messages that are known to be important for encouraging people to respond: (a) a promise that the respondents' answers will be kept confidential; (b) a statement that describes why their responses, specifically, are necessary for the success of the study; and (c) an accurate estimate of the time it will take to complete the survey (which should generally be no more than 10 – 15 minutes).
2. A good survey is not a random series of questions but is organised. Questions on related topics should be grouped together into sections and placed under descriptive headings. The sections should appear in order from most to least important or most to least closely related to the central topic of the survey.
3. Questionnaires should contain more than just questions. Introductions and transitional statements that briefly explain to respondents what kind of questions they are going to get and why are important to include in a survey because people find questions much easier to answer when the organisation of the survey is made apparent to them.
4. The first few questions on the survey should be carefully chosen, since they must serve to grab the respondents' attention and help motivate them to continue to fill out the survey. It is best to begin with a few questions that are easy to answer and that address the most important, central issue of the survey.
5. The format and presentation of the questionnaire must be designed to make it easy to complete without error. Thus, for example, the typeface, type size, and spacing should be easily readable by most anyone (Some respondents may have poor eyesight!) and the printing should be of a high quality. A particularly important feature of good questionnaires is standardisation, that is, when possible, different questions should be presented in the same format in order to reduce the time and effort required from the respondent.
6. The length of your questionnaire will affect your response rate. de Vaus (1996) argues that the optimal length will depend on your population, your research

question(s) and your objectives. Saunders et al (2000) have found that for within – organisation self administered questionnaires an optimal length is six to eight A4 pages.

The last step in questionnaire design is to test the questionnaire. The systematic checking or pre-testing of a questionnaire is central to planning a good survey. Pre-testing is critical for identifying questionnaire problems. These can occur for both respondents and interviewers regarding question content or formatting. Problems with question content include confusion with the overall meaning of the question as well as misinterpretation of individual terms or concepts (Fink, 1995). Ideally, the researcher should test the survey on the same kinds of people he will include in the main study.

## **AN APPROACH TO INTERVIEWING**

An interview has been defined by Kahn and Cannel (1957) as a purposeful discussion between two or more people. This definition is reinforced by Robson (1999) when he states that the interview is a kind of conversation; a conversation within a purpose. Its importance is summarised by Burgess (1982): “the interview is the opportunity for the researcher to probe deeply to uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts that are based on personal experience”. And as observed by Sarantakos (1997), the interview is probably the most widely employed method in qualitative research. Similarly, Robson (1999) emphasises that in an exploratory study (like the one the current writer will undertake) in-depth interviews can be very helpful to find out what is happening and seek new insights.

### **Why should researchers use interviews?**

As any other research methods, interviewing as a method has both strengths and weaknesses. However, among the strengths cited by several writers (Cooper and Schindler, 1998; Sarantakos, 1997; Robson, 1999 and Bell, 1997), the interview is a flexible and adaptable way of finding things out. In addition, face-to-face interviews offer the possibility of modifying one’s line of enquiry, following up interesting responses and investigating underlying motives in a way that postal and other self-administered questionnaires cannot. Saunders et al (2000) have also found that managers are more likely to agree to be interviewed, rather than complete a questionnaire, especially where the interview topic is

seen to be interesting and relevant to their own current work. An interview provides them with an opportunity to reflect on events without needing to write anything down.

Despite the above outlined strengths of interviews, Robson (1999) cites the following weaknesses which a researcher must cautiously watch out:

- To make profitable use of the interview's flexibility calls for considerable skill and experience in the interviewer.
- Biases are difficult to rule out.
- Interviewing is time consuming. The actual interview session itself will obviously vary in lengths ---- Anything under half an hour is unlikely to be valuable; anything going much over an hour may be making unreasonable demands on busy interviewees, and could have the effect of reducing the number of persons willing to participate.
- All interviews require careful preparations, which takes time ---- Arrangements to visit; securing necessary permissions; confirming arrangements; rescheduling appointments, all these need time.

### **Types and styles of interviews**

There are basically three types of research interview (Porter and Spratt, 1997; Robson, 1999; Saunders et al 2000 and Sarantakos, 1997): (i) the structured interview (ii) the semi-structured interview and (iii) the unstructured interview.

The structured interview utilises pre-determined and standardised or identical set of questions and the responses are recorded on a standardised schedule. Semi-structured and unstructured interviews are both variants of in-depth interviews. Semi-structured interviews employ an interview guide or schedule composed of open-ended questions whose wording and ordering are not necessarily fixed. The unstructured interview resembles a conversation, but is geared to the interviewer's research interest. The questions are not set in advance but formulated on the spot in accordance with the immediate context of communication. The aim being to encourage informants to relate experiences and attitudes which are relevant to the research topic in their own words. In-depth interviewers consider

this important because they maintain that language is coded with cultural and social values which shape how respondents understand their experiences.

In-depth interviews are most useful in the following research situations some of which the writer will face while undertaking research on the various learning goals stated in the first chapter:

- (i) To gain access to activities and events which cannot be observed directly by the researcher. These include those activities and events which are not documented and which the researcher could not observe or participate in because they happened at a fixed moment in the past.
- (ii) To create a biography or life history. This is an attempt to examine on-going processes and developments over the entire span of an individual's or group's life. Usually this is also combined with the examination of documentary evidence.
- (iii) To facilitate research projects which otherwise would involve insurmountable logistical problems. For instance, it is possible to interview even several hundred people about their childhood, but it is virtually impossible actually to observe or participate in the home, social and school life of such an enormous number.
- (iv) To investigate issues of collective interest and group dynamics. This is possible because in-depth interviews can be conducted as a group discussion among a number of people involved or interested in particular events or issues.

### **Differences between the structured interview and qualitative research interviews**

Since the writer largely employed a qualitative research approach in his study over the various learning goals, it is deemed necessary to outline the differences between structured interview (quantitative) and qualitative research interviews.

Qualitative interviewing is usually very different from interviewing in quantitative research in a number of ways (Saunders et al 2000; Robson, 1999: Easterby – Smith et al, 2002);

- The approach tends to be less structured in qualitative research. In quantitative research, the approach is structured to maximise the reliability and validity of measurement of key concepts. It is also more structured because the researcher has a clearly specified set of research questions that are to be investigated. The structured interview is designed to answer these questions. Instead, in qualitative research, there is an emphasis on greater generality in the formulation of initial research ideas and on interviewees' own perspective.
- In qualitative interviewing, there is much greater interest in the interviewee's point of view; in quantitative research, the interview reflects the researcher's concerns. This contrast is a direct outcome of the previous one.
- In qualitative interviewing, "rambling" or going off at tangents is often encouraged – it gives insight into what the interviewee sees as relevant and important; in quantitative research, it is usually regarded as a nuisance and discourage interviewers can depart significantly from any schedule or guide that is being used. They can ask new questions that follow up interviewees' replies and can vary the order of the questions and even wording of questions. In qualitative research, none of these things should be done, because they will compromise the standardisation of the interview process and hence the reliability and validity of the measurement.
- As a result, qualitative interviewing, tends to be flexible, responding to the direction in which interviewees take the interview and perhaps adjusting the emphases in the research as a result of significant issues that emerge in the course of interviews are typically inflexible, because of the need to standardise the way in which each interviewee is dealt with.
- In qualitative interviewing, the researcher wants rich, detailed answers; in quantitative research the interview is supposed to generate answers that can be coded and processed quickly.
- In qualitative interviewing, the interviewee may be interviewed on more than one and sometimes even several occasions. In quantitative research, unless the research is longitudinal in character, the person will be interviewed on one occasion only.

## Interview Stages

Research suggests that all interviews progress through distinct stages which require different sorts of questions. Most commentators (Milaar et al, 1992; Stewart et al 1988; Porter and Sparth, 1997) divide the interview into three basic sections – opening, main body and closing. Put in such general terms this division is not immediately helpful to would be interviewers.

A few comments on each, however, will indicate the main points to watch at each stage and suggest how interview guides might take these observations into account.

The first stage involves establishing rapport and trust between the interviewer and respondent. This does not only mean setting upon a sociable style of interaction appropriate to the immediate context but requires that respondents should be fully appraised of:-

- (i) the objectives of the research;
- (ii) the confidentiality of the information imparted;
- (iii) the way in which the interview will be recorded;
- (iv) the uses to which the information collected will be put

So it is necessary both to present a friendly and attentive manner, and to attend to any concerns the respondent might have so that their expectations and your own are compatible.

The second stage in research interviewing is, of course, involved principally with gathering information. Obviously, how the actual questions on the interview guide are designed will depend, at least in part, upon the degree of structure the interviewer is aiming for.

Stage three of the interview raises the problem of how and when to close. Sometimes there will be an easily discernible point at which respondents have fully answered the questions put to them or they simply run out of things to say. Frequently, however, other factors will make the point of closure less clear. Sometimes an interview will take longer than envisaged and either you, your respondents or both will have to hurry away to other engagements. This may mean that all the questions have not yet been answered to your satisfaction. On the other hand, whilst you may be satisfied with the information you have



gathered your respondents may still have things they feel need to be said. The closing stage is thus important for clarifying those issues and settling with your respondent whether additional interviews are required. So, if you know the time scheduled for the appointment is running short, it is best to bring the interview to a halt at the first appropriate juncture so that time is left for respondents to ask you questions, let you know if their expectations have been fulfilled, and indicate if and when further meetings should take place.

### **The researchers interviewing competence**

In order to hold a successful interview process, one must acquire the necessary skills. Several writers (Robson, 1999; Saunders et al 2000; Easterby-Smith, 2002) have provided several areas where a researcher needs to develop and demonstrate competence in relation to the conduct of semi-structured and in-depth research interviews. These areas are:

- opening the interviews
- using appropriate language
- questioning
- listening
- social interaction
- obtaining trust
- testing and summarising understanding
- behavioural cues
- recording data.

The current writer ensured that he observed and developed these competencies while holding interviews with the selected respondents.

### **Conclusion**

Although survey studies can be a powerful and useful tool for collecting data, they at the same time have inherent limitations which a researcher must cautiously watch out. Such limitations include the following, among others:

- Survey studies rely on “self-report” data, that is, they depend on participants to truthfully and accurately report on their attitudes and characteristics. This does not

always happen. For example, some respondents may deliberately answer questions incorrectly or flippantly. However, if the survey is conducted in a professional manner, this occurs less often than one might think.

- Survey studies are subject to well-known type of bias. For example since respondents know they are being studied, and have at least some idea why, they may change their answers, either consciously or unconsciously, to show themselves in a better light or to conform to the expectations of those who are studying them. It is also possible for experimenters to deliberately or inadvertently write survey questions that bias people to respond the way they want them to.
- Conducting a scientific survey is not a trivial undertaking. Scientific surveys require careful research and planning, are labour intensive, and can take weeks to implement and analyse.

However, as noted by Doyle (2001) limitations of surveys do not mean that one should not conduct a survey. All social science methodologies have their own unique set of limitations.

However, before deciding on conducting a survey it is important to investigate available alternative methods and weigh their pros and cons in relation to the goals of one's project.

## CHAPTER FOUR

### RESEARCH DESIGN FOR THE SUBSEQUENT LEARNING GOALS

#### Introduction:

When undertaking a research project, it is imperative to provide a research design. This design or the structure of research is considered to be the “glue” that holds all the elements in a research project together. Indeed Sarantankos (1997), Robson (1999) and other writers consider this step to be the most significant element in research. Most decisions about how the research will be executed and how the respondents will be approached, as well as when, where and how the research will be completed, are made during this step. That is why Kothari (2000) refers to the research design as the blueprint for the collection, measurement and analysis of data.

Of course a good research design is needed because it facilitates the smooth sailing of the various research operations, thereby making research as efficient as possible yielding maximal information with minimal expenditure and effort, time and money. This therefore calls for a careful preparation of the research design as any error in it may upset the entire project. And as observed by Kothari (2000) research design in fact has a great bearing on the reliability of the results arrived at and as such constitute the firm foundation of the entire edifice of the research work.

Indeed as already explained in the first chapter, every design has its own strengths and weaknesses and similarly there is no such a thing as a single correct design (Santosh Gupta, 1999). Therefore, while designing the research on the subsequent learning goals we were as flexible as possible. According to Kothari (2000) if the research study happens to be exploratory (as the case is with the writer’s subsequent learning goals), wherein the major emphasis is on discovery of ideas and insights, the research design most appropriate must be flexible enough to permit the consideration of many different aspects of a phenomenon. Furthermore, qualitative methods which dominated this research are known to be flexible in many ways, for example with regard to the choice of research instruments and procedures. Research is not rigidly set but rather flexible, and can change during the execution

(Sarantakos, 1997). This chapter therefore constitutes the general strategy that was used for each learning goal in choosing the research population, sampling procedures, data collection methods, administrative procedures (e.g. acquiring funds, research assistants, accessing organisations etc) and data analysis.

## **Study Design**

As earlier mentioned, the study mainly employed a qualitative approach in order to gain an in-depth descriptive account of the issues under investigation. The qualitative approach is one whereby the issues that are being studied are looked at from the viewpoint of the respondents.

It is however important to mention that although the study covering the various learning goals largely used qualitative methods, to a limited extent quantitative techniques were also used to collect and analyse data. The justification of using both methods was that while some of the information or data collected on some learning goals was quantitative, some of it was not measurable and could not be quantified. The two methods therefore supplemented each other in areas where one method proved inadequate or developed weaknesses. As stated by Saunders et al (2000), it is quite usual for a single study to combine qualitative and quantitative methods and to use primary and secondary data. And indeed as discussed earlier, such a combination is also expected in action research.

## **Data Collection Methods**

This is an action research (AR) project which intends to have action and research outcome. It involved participation of the various stakeholders at UMI, relevant government ministries, workers and employers organisations, the private sector, users of UMI services like students and their employers etc. As already explained, the study of each of the learning goals was mainly qualitative and phenomenological. And in order for the researcher to obtain the attitudes and opinions of the respondents, he obviously undertook survey work and interviews as well as using secondary data. This was in line with Saunders' et al (2000) observations that the principal ways of conducting exploratory research include: (i) a search of literature (ii) talking to experts in the subject and (iii) conducting focus group interviews.

While undertaking the study on the national industrial relations systems, it was necessary for the researcher to utilise the observation research methods in addition to the questionnaire and interviews. The observation as a method was likely to be more revealing with regard to the existing labour-management co-operation and its impact on the productivity and competitiveness of the enterprises. The data was therefore collected by using a multi method approach. And according to Saunders (ibid) different methods can be used for different purposes in a study.

(i) Open Interviews

In all the subsequent learning goals open interviews were held with the relevant respondents. The open interviews were preferred because of the opportunity for flexibility they present to the interview. Such interviews were mainly unstructured and unstandardised and would therefore allow the interviewer a high degree of freedom to manipulate the structure and conditions of the method. This permitted an in-depth investigation and probing of the issues under study. In addition, such interviews were likely to generate a higher response rate and provide a conducive environment where respondents provided their considered and independent opinions on the issues under investigation.

(ii) Self-administered questionnaires

This method will be used for the fourth learning goal. The questionnaire method was used to get information on a wide range of issues like the human capital and industrial relations systems and policies. The population which was involved in this exercise varied based on the learning goal under study. As explained later under the "study population and sampling techniques", the respondents for each learning goal were selected from the sectors which were most relevant to that specific goal. Such a population obviously provided the relevant information for the learning goal in point.

The questionnaire method was chosen because of its associated advantages. Information was likely to be collected within a short space of time. Since respondents were guaranteed confidentiality, it was hoped that they would give frank and authentic answers. There was also the element of answering the

questions at their leisure, which was likely to elicit well thought out responses. The population on which it was administered was literate and were therefore be in position to understand the requirements of the questionnaire. Lastly, all the respondents were subjected to the same influences and therefore their responses were comparable and more easily categorised, quantified and generalised with a degree of accuracy to the study population in each respective learning goal. However, the risks of a low return rate and inability to probe to get clear answers was anticipated.

(iii) Focus Group Discussions

The focus group discussion (FGD) method was employed as a supplementary method to reinforce the other in a multi method approach. The method was used to clarify the purpose of the research and to raise answers to questions for which group views were more reliable under the subsequent learning goals.

While utilising the FGD method, the researcher took advantage of the postgraduate students and the professional staff at UMI to solicit their views on the demands of each learning goal. The two groups were considered to be useful because both of them were employees from their respective organisations and they were deemed to have knowledge and experience on issues at hand in each respective learning goal.

(iv) Documentary Review

While the above mentioned methods constituted a very rich source of primary data, secondary sources were also be utilised. In order to obtain sufficient secondary data, the researcher reviewed published and unpublished literature from journals, books, government reports, World Bank and the International Monetary Fund (IMF), trade unions and the Federation of Uganda Employers (FUE), the internet and any other relevant source.

### **Pre-Field Activities**

In order to take care of ethical issues, ensure collection of quality data and maximise response rates, the following were done:

(i) Pre-tests

The research instruments were pretested with a sample of respondents in some government departments, Uganda Management Institute and trade unions offices. The purpose was to ensure that the final research instruments would gather data for which they were intended. As a result of the pre-testing exercise minor revisions were made to eliminate likely ambiguities and lack of clarity.

(ii) Recruitment and training of research assistants

In order to facilitate the collection of data, the researcher recruited two graduate research assistants. This was because the nature of the study under the respective learning goals required a high level of conceptualisation, creation of rapport and recording skills, among others. The assistants were taken through a two-day training exercise during which they were made aware of the objectives of the study, the issues under investigation, the methods, locating respondents, administering questionnaires and holding interviews.

### **Study Population and Sampling Techniques**

While designing the research, the researcher must decide where the study will be carried out, how many respondents will be included in it, who those respondents will be, how they will be chosen, and what portion of the population will be considered (Sarantakos 1997; Saunders et al, 2000 and Robson, 1999).

Although each learning goals had a bearing on UMI's strategy, different respondents were targeted for each goal. Therefore each learning goal utilised a different and specific study population.

The purposive sampling technique was applied while selecting the respondents. This enabled him to answer his research question(s) and to meet his objectives. According to Neuman (1997), this form of sampling is often used when you wish to select cases that are particularly informative. Therefore in line with this approach, the researcher deliberately selected respondents whom he believed to have the type of information he was looking for.

The respondents for each learning goal were selected from the sectors which are most relevant to that specific goal. For example while handling learning goal No. 3 on the effects and effectiveness of the Structural Adjustment Programmes (SAPs) respondents came from the Ministry of Finance Planning and Development, Ministry of Public Service and the Ministry of Gender, Labour and Social Development. These are the government ministries which have been in the forefront on matters relating to SAPs. In addition to these ministries, respondents were obtained from the Bank of Uganda, an institution responsible for implementing the country's economic and fiscal policies. Trade Unions particularly the National Organisation of Trade Unions (NOTU) to which all trade unions in the country are by law affiliated, was also used as a source of respondents. So was the Federation of Uganda Employers which is the central organisation for employers in Uganda. All the above organisations and institutions have either had a role in the implementation of the SAPs or their members (e.g. workers and employers) have in one way or the other been affected by the SAPs and could therefore provide a rich source of information and data on the issues under investigation.

The researcher also took advantage of the students at Uganda Management Institute who constituted part of the respondents in this study. Their participation in the study was important because all of them were employees in various organisations and therefore their experiences were considered a rich source of information.

## **Study Area**

The studies under the respective learning goals were limited to Kampala City (the capital) and Jinja town. This was because almost all the headquarters of the government ministries, manufacturing enterprises, trade unions offices and the Federation of Uganda Employers are located in this area. For example, almost all trade union headquarters are based in Kampala and Jinja, a distance of 80 km apart. And as already stated the majority of the respondents for the studies in learning goals came from these institutions/organisations. The area was expected to attract a high response rate among the respondents and yield rich data on the issues under investigation because the area was in easy reach for the researcher and his assistants to make regular contacts with the respondents. And of course this was within the available limited financial budget.



## **Accessing the Organisations**

As observed by Sarantakos (1997) social research is a dynamic process, which involves researchers and respondents, and which is based in mutual trust and co-operation, as well as on promises and well accepted conventions and expectations. Many organisations are highly sensitive to the possibility of researchers having any kind of political agenda, particularly if it differs from theirs.

Therefore in order to have easy access to the organisations in which the research took place, the researcher obtained a letter of introduction from the Director of Uganda Management Institute which was addressed to the Chief Executives of the respective organisations. The letter stated the objectives of the research project, ensure confidentiality of the information obtained and solicited their co-operation in the study.

The researcher did not anticipate much resistance from the selected organisations and government ministries because of his being a staff member of Uganda Management Institute (UMI). This is because UMI's role is well known in the country and it is very likely that in the majority of the organisations which were approached, there was a former student of UMI whom the researcher would use as contacts. This was likely to be a fruitful approach because other management and organisational researchers suggest that you are more likely to gain access where you are able to use existing contacts (Buchanan et al, 1988' Easterby-Smith et al, 1991; Johnson, 1975). Buchanan et al (1988) say that "we have been most successful where we have a friend, relative or student working in the organisation. Similarly, the current researcher benefited from the relationship he had established with his former students.

## **Data Analysis**

According to Yin (1994) data analysis consists of examining, categorising, tabulating or otherwise recombining the evidence to address the initial propositions of a study. Likewise, Taylor and Bogdan (1984) give the advice that researchers keep track of emerging themes, read through their field notes or transcripts and develop concepts and propositions to begin to make sense out of their data. The researcher analysed data in a way that did not deviate from this arrangement using both qualitative and quantitative tools of analysis wherever appropriate. Thereafter, triangulation of the data obtained from the different subjects and

generated through various methods was done for purposes of comparison. The use of quotations and percentages was also be necessary in qualitative interpretation of data. Quantitative techniques of analysis, including SPSS, tabulation of data, bar charts and graphs were employed wherever deemed necessary. In all these, the ultimate goal was to treat the evidence fairly, to produce compelling analytic conclusions, and to rule out alternative interpretations.

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## **APPENDIX 1**



### **UGANDA MANAGEMENT INSTITUTE**

#### **QUESTIONNAIRE ON HUMAN RESOURCE MANAGEMENT AND INDUSTRIAL RELATIONS IN UGANDA**

Dear respondent,

The undersigned is carrying out an investigation of the managers' perceptions about the role of Human Resource (HR) and industrial relations (IR) functions in organizations and its contribution to the organizational success. It is further intended that through the examination of the HR/IR function's current state should help to identify gaps and opportunities for new initiatives in the provision of management training, which obviously impacts on Uganda Management Institute's (UMI) strategic development. You are therefore kindly requested to participate in this study by completing the attached Questionnaire.

Of course all replies are confidential and will be used only in combination with answers from other respondents. There is no need for you to disclose your name unless you specifically wish to do so.

Please return the completed questionnaire to the undersigned as soon as you possibly can. Thank you for your valuable time and participation in this study.

D K W Ssonko  
Uganda Management Institute, Room 19  
P O Box 20131  
**KAMPALA**

## QUESTIONNAIRE ON HUMAN RESOURCE MANAGEMENT (HRM) AND INDUSTRIAL RELATIONS (IR) IN UGANDA

### SECTION 1: Personal Data

1. Gender (Tick your category)

Female ☐

Male ☐

2. Education

a) What is your current highest educational qualifications? (Tick one)

Post Primary ☐

Bachelor's Degree ☐

Masters Degree ☐

MBA ☐

Other qualifications (State them)

b) Apart from your experience, do you have any formal qualifications in Human Resource Management or a closely related subject?

Yes ☐

No ☐

c) What is your age group?

25 years and under ☐

26 – 30 years ☐

31 – 40 years ☐

Over 40 years ☐

d) How long have you been in employment?

5 years and under ☐

6 – 15 years ☐

16 years and above ☐

3. **SECTION 2: Organisation Data**

a) Indicate where your organisation falls:

☐

- Government ☐
- Private Sector ☐
- Non-Gov't Organisation (NGO) ☐
- Informal Sector ☐
- Other (Mention) ☐

b) Tick the appropriate size of your organisation in terms of employees it has:

- Less than 50 employees ☐
- 51 – 100 employees ☐
- 101 – 500 employees ☐
- Over 500 employees ☐

c) Is your organisation Ugandan-owned?

Yes ☐

No ☐

d) If NO, state the country of ownership .....

#### 4. **SECTION 3:** Human Resource/Industrial Relations (HR/IR) Department

a) How is the HR/IR function regarded within your organisation by the managers and supervisor?

Very highly ☐

Highly ☐

Moderate ☐

Insignificant ☐

Not sure ☐

b) Think of your organisation's HR/IR department. How accurately do the following statements describe that department, overall?

(i) It is viewed as an important department of the organisation:

Strongly Agree ☐

Agree ☐

Disagree ☐

Strongly Disagree ☐

Undecided ☐

- (ii) It works very closely with senior management group on key strategic issues facing the organisation:

Strongly Agree ☐

Agree ☐

Disagree ☐

Strongly Disagree ☐

Undecided ☐

- (iii) It is viewed as an effective department

Strongly Agree ☐

Agree ☐

Disagree ☐

Strongly Disagree ☐

Undecided ☐

- (iv) It seems to keep informed about the best HR/IR practices that are used in other organisations.

Strongly Agree ☐

Agree ☐

Disagree ☐

Strongly Disagree ☐

Undecided ☐

- c) At which level of your organisation is the HR/IR department involved?

Handling day-to-day personnel issues only (operational) ☐

Mainly day-to-day issues but some strategic involvement ☐

Mainly involved in Organisation's Strategic Plans ☐

I can not tell ☐

- d) How frequently is your HR/IR department consulted by senior management on important strategic issues facing the Organisation?

- Always Done ☐
- Quite Often ☐
- Sometimes ☐
- Not at all ☐
- Don't know ☐

- e) From the list of HR roles outlined below, identify by ticking those which you consider either most important, important or least important in your organisation.

Role	Most Important	Important	Least Important
Organisational change agent			
Clerical/processing support/personnel records			
Advocate of employee views			
Designing HR strategies and programmes			
Internal consultant on HR/IR			
Member of the executive management team			
Monitor legal compliance			
Motivate employees			
Outsourcing HR programmes e.g. training			
Strategic partner with top management			
Support line management			
Training needs identification			
Promotion and career development			
Organising provision of training			
Pay negotiation			
Pay structure design			

5. **SECTION 4: Calibre of HR/IR Personnel**

(a) Among the skills provided below, tick what you would consider to be either very important, Important or least Important to HR/IR professionals in your organisation.

Skill	Most Important	Important	Least Important
Management and leadership skills			
Consulting, advising and negotiating skills			
Analytical or problem-solving skills			
Oral and written communication skills			
Decision making skills			
Change management skills			
Computer skills			
Customer care skills			
Financial skills			
Organisational skills			
Research skills			
Cultural Sensitivity skills			
Others (mention them)			

(b) From the list given below, tick the most important, Important or least Important knowledge areas which you consider an HR practitioner should have in your organisation:

	Most Important	Important	Least Important
Create a recruitment programme			
Write a job description			
Complete a cost/benefit analysis			
Conduct training programmes			
Conduct a wage survey			
Develop a performance appraisal instrument			
Write a strategic plan			
Design an incentive programme			
Conducting a needs analysis			
Conduct a job satisfaction survey			
Calculate absenteeism/turnover rates			
Develop an HR information system			
Engage in HR succession planning			
Negotiate with unions/handle grievances			

6. **SECTION 5: HR role for Line Managers**

a) Do line managers in your organisation perform any HR function?

Yes, always ☐

Sometimes ☐

Not at all ☐

Not sure ☐

b) If your answer to Q6 (a) is "Yes" or "Sometimes" from the list given below tick the HR areas which form part of the job of line managers in your organisation (Tick all that apply).

Recruitment or Selection of employees ☐

Training of employees ☐

Pay and conditions of employment ☐

Systems of payment ☐

Handling grievances and discipline ☐

Human Resource Planning ☐

Health and Safety ☐

Performance Appraisals ☐

Motivating Staff ☐

None of these ☐

Others (mention them) ☐

c) Have line managers in your organisation received any training in HR/IR issues in the last 12 months?

Yes, on the job training ☐

Yes, off the job training ☐

Neither of the above ☐

- d) If your answer to Q 6 (c) is "Yes" tick from the list below the nature of HR training received by your line managers.

Health and Safety	<input type="checkbox"/>
Computer/IT Skills	<input type="checkbox"/>
Team working	<input type="checkbox"/>
Improving Communication	<input type="checkbox"/>
Customer Service	<input type="checkbox"/>
Problem solving techniques	<input type="checkbox"/>
Quality Control	<input type="checkbox"/>
Leadership Skills	<input type="checkbox"/>
Performance Appraisals	<input type="checkbox"/>
Motivation	<input type="checkbox"/>
Handling Grievances	<input type="checkbox"/>

- (e) What proportion of line managers and supervisors have been trained in people management skills in the last 3 years? (Tick one)

All	100%	<input type="checkbox"/>
Almost all	80 – 90%	<input type="checkbox"/>
Most	60 – 79%	<input type="checkbox"/>
Around half	40 – 59%	<input type="checkbox"/>
Some	20 – 39%	<input type="checkbox"/>
Just a few	1 – 19%	<input type="checkbox"/>
None	0%	<input type="checkbox"/>

7. **SECTION 6: Industrial Relations**

- a) Is a trade union recognised by management for negotiating terms and conditions of service of unionisable employees in your organisation?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>



- b) Do you know approximately what proportion of employees are members of a union in your organisation?

None ☐  
 Less than half ☐  
 About half ☐  
 More than half ☐

- (c) How would you describe management's general attitude towards trade union membership among employees in this organisation? (Give one answer only)

Management favours union membership ☐  
 Management is not in favour of it ☐  
 Management is neutral about it ☐  
 I am not sure ☐

- (d) Do you think managers in your organisation have sufficient skills to negotiate and deal with trade unions? (Tick one)

They have sufficient skills ☐  
 Have very limited skills ☐  
 I am not sure ☐

- (e) From the list given below, tick the most important, important or least important Industrial Relations (IR) skills a person should have in order to successfully negotiate with unions in your organisation?

Skill	Most Important	Important	Least Important
Active listening			
Adaptability			
Analytical			
Creative thinking			
Decision making			
General business			
Financial			
Leadership			
Oral Communication			
Presentation			
Research			
Consultation			
Risk-taking			
Negotiating			
Cultural sensitivity			
Organisational dynamics			

8. **SECTION 7: Training**

- a) To what extent is training and development of employees regarded as a critical strategic function in your organisation?

To a great extent	<input type="checkbox"/>
To moderate extent	<input type="checkbox"/>
To a little extent	<input type="checkbox"/>
Not sure	<input type="checkbox"/>

- b) How difficult is it to get sufficient information or help from senior managers or directors to develop an adequate training strategy?

Frequently difficult	<input type="checkbox"/>
Sometimes difficult	<input type="checkbox"/>
Occasionally difficult	<input type="checkbox"/>
Never difficult	<input type="checkbox"/>

- c) Does your organisation have an annual training budget?

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>
Not sure	<input type="checkbox"/>

- d) If your answer to Q8 (c) is "Yes" indicate the size of the HR budget.

Less than 2% of total budget	<input type="checkbox"/>
Less than 5 % of total budget	<input type="checkbox"/>
Between 5 – 10% of total budget	<input type="checkbox"/>

- (e) How is the training of staff in your organisation delivered? (Select 2 common methods for managers and supervisors).

	<b>Managers</b>	<b>Supervisors</b>
On-job training	<input type="checkbox"/>	<input type="checkbox"/>
Send staff to relevant training institutions	<input type="checkbox"/>	<input type="checkbox"/>
Using consultants to advise	<input type="checkbox"/>	<input type="checkbox"/>

(f) In your organisation, is off-the-job training provided for most employees in any of the following occupational groups? (Tick the relevant categories):

Managerial	<input type="checkbox"/>
Professional	<input type="checkbox"/>
Technical	<input type="checkbox"/>
Clerical and Secretarial	<input type="checkbox"/>
Skilled Production Workers	<input type="checkbox"/>
Sales	<input type="checkbox"/>

(g) On average, about how much time do these employees normally in formal off-the-job training sessions ?

No time	<input type="checkbox"/>
Less than 1 day	<input type="checkbox"/>
1 to less than 2 days	<input type="checkbox"/>
2 to less than 5 days	<input type="checkbox"/>
5 to less than 10 days	<input type="checkbox"/>
10 days or more	<input type="checkbox"/>

## 9. SECTION 8. CONCLUSION

Is there anything you would like to tell us about the human resource and industrial relations practices in your organisation? For example, you may wish to identify what, in your opinion, are remarkable HR practices or HR practices you would wish to change. Please feel free to comment here below or on a separate sheet.

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Thank you for your cooperation.

## **APPENDIX 2**

### **INTERVIEW GUIDE**

The undersigned researcher is undertaking a research project entitled: ***“Characteristics of the Corporate Human Resource/Industrial Relations (HR/IR) Function and Their Implications To Training Institutions in Uganda”***, as part of his doctoral programme with the University of Glasgow. The purpose of this study is to investigate the structure and performance of the HR/IR function in Organisations of Uganda.

Your name was purposely selected because it was felt that as a result of your responsibilities and exposure, you are in a better position than others to contribute to the objectives of this study and your opinions are therefore very important to the accuracy of the study results. Of course, all replies are confidential and will be used only in combination with opinions from other respondents. Kindly reflect over the enclosed questions which will form part of my interview with you at a date and time convenient to both of us.

Thank you for taking part in this study.

D K W Ssonko  
**Researcher**

## QUESTIONS

1. How do you personally regard the HR/IR function in your organisation?
2. How do you see the role of the HR department and in your opinion do you think that it is satisfactorily performing this role?
3. Are there any specific problems you observe with your HR department?
4. At which level of your organisation is the HR/IR department involved?
5. How often is your HR/IR department consulted by senior management on important strategic issues facing the organisation?
6. What would you consider to be the most important HR roles?
7. What sort of skills and competences should HR professionals have in order to manage the HR affairs more competently?
8. Do line managers in your organisation perform any HR function? And if so which roles?
9. Do line managers receive any training in HR/IR issues?
10. Is there any trade union recognised by management for negotiating terms and conditions of service of unionsable employees in your organisation?
11. Generally, what is the management's attitude towards trade union membership among employees in this organisation?
12. If you were to deal with trade unions in the management of your organisation what sort of skills would you need to have?
13. To what extent is training and development of employees regarded as a critical strategic function in your organisation?
14. How would training institutions such as Uganda Management Institute assist your organisation?